

**SCHOOL DISTRICT
OF
JEFFERSON TOWNSHIP**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual
Financial Report**

of the

Jefferson Township School District

Jefferson Township, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

**Jefferson Township School District
Business Office**

JEFFERSON TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

Jefferson Township Public Schools

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Lake Hopatcong, New Jersey 07849
(973) 663-5782 FAX (973) 663-5004

www.jefftwp.org

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

Dora E. Zeno
Business Administrator/Board Secretary

Joseph G. Kraemer
Assistant Superintendent of Schools

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

November 12, 2010

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Jefferson Township School District (the "District") for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Jefferson Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and fiscal capacity, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped youngsters. The District completed the 2009-10 fiscal year with a June 30, 2010 enrollment of 3,577, in district students, which is a decrease of 40 students from the previous year's enrollment.

The Honorable President and Members of
 The Board of Education
 Jefferson Township School District
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The following details the changes for indistrict student enrollment over the last five years:

Fiscal Year	Year End In District Student Enrollment	% Change
2009-2010	3,577	-1.11%
2008-2009	3,617	-0.17%
2007-2008	3,623	-0.03%
2006-2007	3,622	-0.71%
2005-2006	3,648	1.56%

2) ECONOMIC CONDITION AND OUTLOOK:

The Jefferson Township Public School District continues to maintain excellent fiscal accountability. Working within financial constraints, the district offered students additional honors and advanced curriculum courses, expanded its technology literacy, security initiatives and continued to upgrade its infrastructure. District educational facilities benefit from team cleaning, and maintenance staff possessing key technical skills, which greatly reduce 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, and fuel. The Township was especially instrumental in securing a million dollar School Development Authority Grant, and a companion low interest rate loan by participating in the New Jersey Infrastructure Trust. When combined, these two income sources significantly offset the cost to upgrade the Stanlick School Sewer Treatment Plant.

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

3) MAJOR INITIATIVES:

The School District aggressively pursued increased revenue derived from its food service program by generating a guarantee from its food service provider. As the fiscal year drew to a close, the District opted to change its food service provider. This transition resulted in the balance of the remaining three years of the original five-year capital investment reflecting a loss. The new food service provider agreement contains a provision for that company to take over the accrued balance as part of the agreement.

The District Report Card was issued by the State of New Jersey during the 2009-2010 school year for the 2008-2009 school year. The report card, issued for each school in a district, compares more than fifteen areas to the state average, including, but not limited to: student attendance rate, student/faculty ratios, student/computer ratios, financial data, and statewide assessment results.

The District has completed its JT2015 Master Plan, which will be phased in over the next several years.

Professional development is offered to all district staff.

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

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.

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

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

7) DEBT ADMINISTRATION: As of June 30, 2010, the District's outstanding debt totals \$26,587,694. This debt consists of serial bonds dated September 15, 2002, in the amount of \$24,705,000, for the improvements to school facilities, refunding bonds in the amount of \$945,000 and capital leases of \$937,694.

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

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

10) OTHER INFORMATION:

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

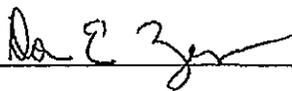
The Honorable President and Members of
The Board of Education
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10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Jefferson Township School Board for their concern in providing fiscal accountability to the citizens 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.

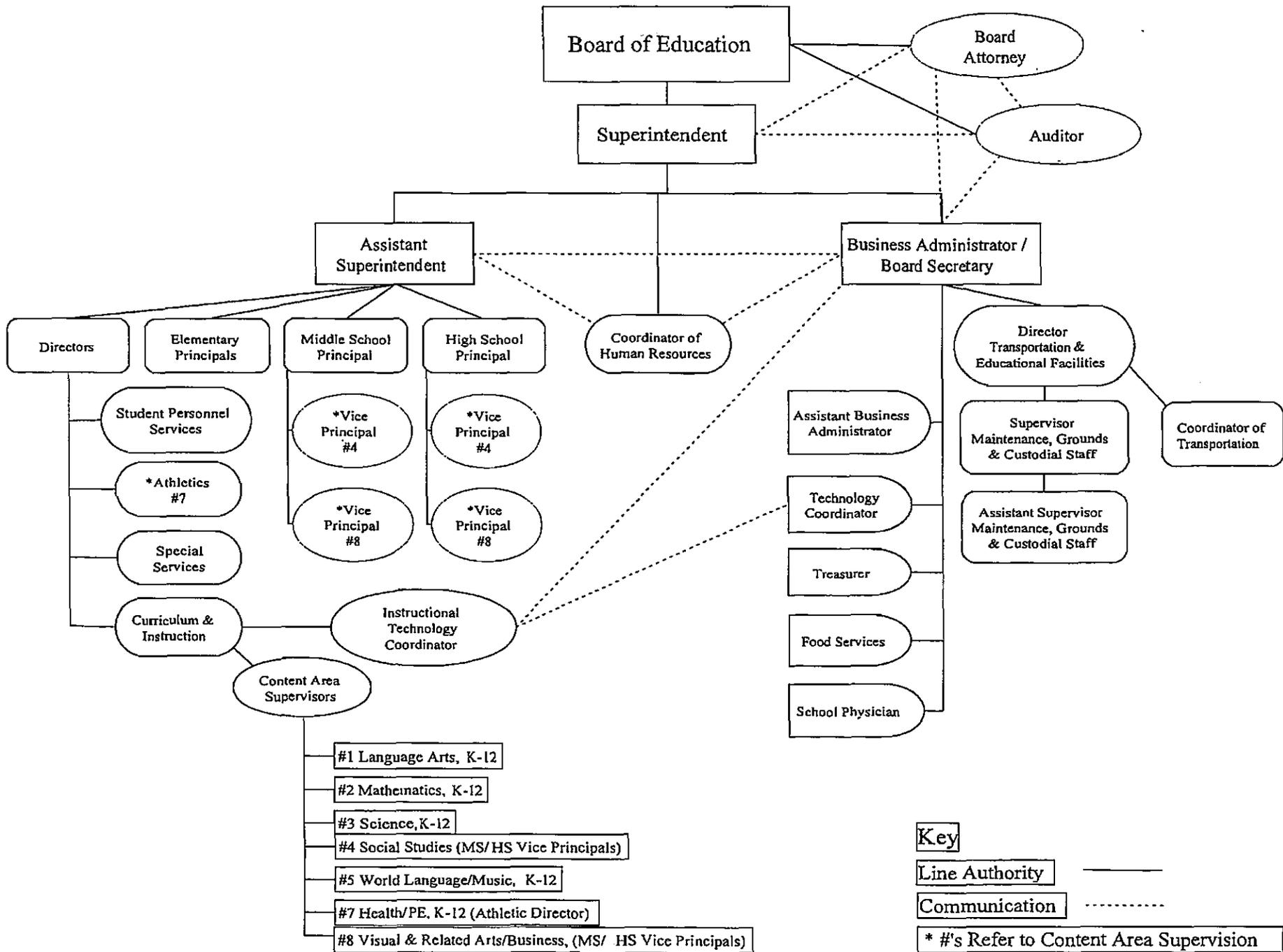
Respectfully submitted,



Superintendent
Kathaleen F. Fuchs, Ph.D.



Business Administrator/Board Secretary
Dora E. Zeno



**TOWNSHIP OF JEFFERSON BOARD OF EDUCATION
LAKE HOPATCONG, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2010**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Mr. Nicholas A. Anzano	Member	2013
Mrs. Judy Castiglione	Member	2012
Mr. Robert P. Feldmann	Vice-President	2012
Mrs. Julianne S. Masticola	Member	2011
Mr. Matthew Millar	Member	2013
Mrs. Cynthia R. Scott	President	2013
Mr. Michael Stewart	Member	2012
Mrs. Fay Servedio	Member	2011
Mr. Robert Vander Ploeg	Member	2011

Other Officials

Kathaleen F. Fuchs, Ph.D., Superintendent

Joseph Kraemer, Assistant Superintendent

Dora E. Zeno, Business Administrator/Board Secretary

Elizabeth Hickey, Treasurer

JEFFERSON TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Bond Counsel

McManimon & Scotland, LLC
Newark, New Jersey 07102

Audit Firm

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

And

Lawrence Business Park
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Attorney

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Morristown, New Jersey 07963-0905

Insurance Agent

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

Official Depository

Lakeland Bank
New Jersey Cash Management Fund

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road Suite 300
 Mount Arlington, NJ 07856
 Phone: 973-328-1825
 Fax: 973-328-0507

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
 Fax: 973-383-6555

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Jefferson Township School District in the County of Morris as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Jefferson Township School District in the County of Morris as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2010 on our consideration of the Board of Education of the Jefferson Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

November 12, 2010
Mount Arlington, New Jersey


NISIVOCCIA & COMPANY LLP


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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis (Unaudited)

This section of Jefferson Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- In total, net assets increased by \$1,390,536 or 5.47%. Net assets of governmental activities increased \$1,406,307 while net assets of business-type activities decreased by \$15,771.
- Revenues totaled \$59,851,317 for this fiscal year.
- The District has \$57,238,022 in expenses related to governmental activities. Expenses relating to business-type activities totaled \$1,222,759.
- The District continued to pay down its debt by retiring \$1,195,000 of outstanding bonds.

Overview of the Financial Statements

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

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

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

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

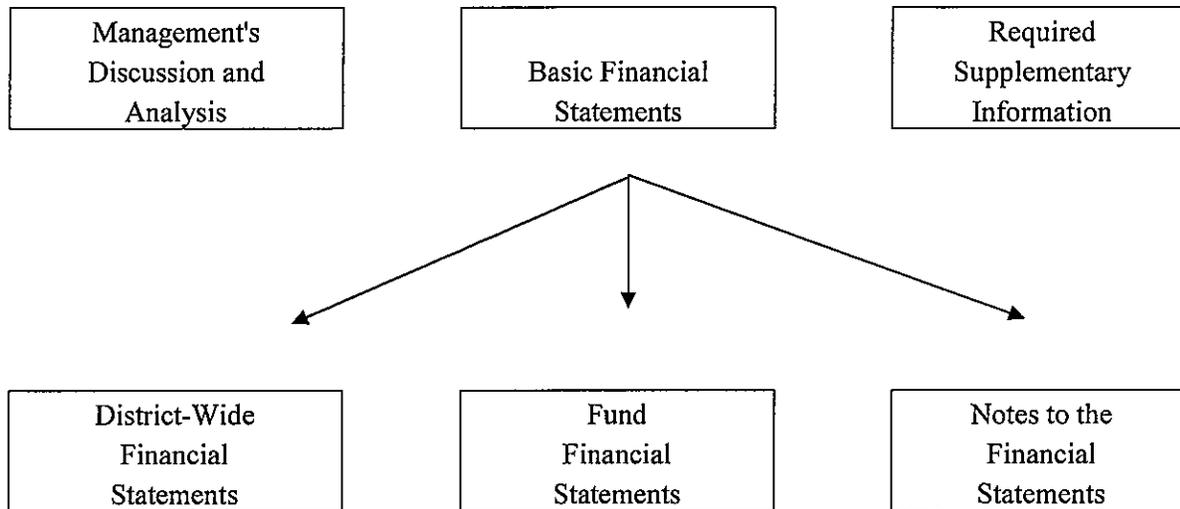


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to the basic financial statements:* The notes provide information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

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

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

Figure A-3
Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	
Current and							
Other Assets	\$ 1,932,303	\$ 1,487,981	\$ 126,964	\$ 157,253	\$ 2,059,267	\$ 1,645,234	-20.11%
Capital Assets	52,282,901	52,786,580	155,161	137,398	52,438,062	52,923,978	0.93%
Total Assets	54,215,204	54,274,561	282,125	294,651	54,497,329	54,569,212	0.13%
Long-Term Debt							
Outstanding	27,888,500	27,205,590		31,770	27,888,500	27,237,360	-2.33%
Other Liabilities	1,170,229	506,189	19,358	15,885	1,189,587	522,074	-56.11%
Total Liabilities	29,058,729	27,711,779	19,358	47,655	29,078,087	27,759,434	-4.53%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	24,977,258	26,198,886	155,161	137,398	25,132,419	26,336,284	4.79%
Restricted	557,191	1,821,187			557,191	1,821,187	226.85%
Unrestricted	(377,974)	(1,457,291)	107,606	109,598	(270,368)	(1,347,693)	-398.47%
Total Net Assets	\$ 25,156,475	\$ 26,562,782	\$ 262,767	\$ 246,996	\$ 25,419,242	\$ 26,809,778	5.47%

Changes in Net Assets. The District's *combined* net assets were \$26,809,778 on June 30, 2010, \$1,390,536 or 5.47% more than they were the year before. (See Figure A-3). The major factor for the increase in net assets was the reduction of debt associated with capital assets. The depreciation factored into the net assets of the District is a decrease of \$636,354. The net assets of the business-type activities decreased \$15,771, which is attributable to expenditures exceeding revenue in the enterprise food service fund (See Figure A-4).

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	
Revenue:							
Program Revenue:							
Charges for Services			\$ 933,859	\$ 847,172	\$ 933,859	\$ 847,172	-9.28%
Operating Grants and Contributions	\$ 19,704,840	\$ 21,545,975	204,365	358,034	19,909,205	21,904,009	10.02%
General Revenue:							
Property Taxes	35,765,995	36,835,097			35,765,995	36,835,097	2.99%
Unrestricted Federal and State Aid	386,015	128,851			386,015	128,851	-66.62%
Other	250,455	134,406	1,803	1,782	252,258	136,188	-46.01%
Total Revenue	56,107,305	58,644,329	1,140,027	1,206,988	57,247,332	59,851,317	4.55%
Expenses:							
Instruction	28,470,689	29,259,938			28,470,689	29,259,938	2.77%
Pupil and Instruction Services	9,505,687	10,225,870			9,505,687	10,225,870	7.58%
Administrative and Business	4,999,781	6,273,917			4,999,781	6,273,917	25.48%
Maintenance and Operations	6,121,843	6,371,938			6,121,843	6,371,938	4.09%
Transportation	3,497,759	3,665,033			3,497,759	3,665,033	4.78%
Other	1,582,637	1,441,326	1,160,439	1,222,759	2,743,076	2,664,085	-2.88%
Total Expenses	54,178,396	57,238,022	1,160,439	1,222,759	55,338,835	58,460,781	5.64%
Increase/(Decrease) in Net Assets	\$ 1,928,909	\$ 1,406,307	\$ (20,412)	\$ (15,771)	\$1,908,497	\$1,390,536	-27.14%

Revenue Sources. The District's total revenue for the 2009/10 school year was \$59,851,317. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$36,835,097 of the total, or 61.54 percent. (See Figure A-5). Another 36.60 percent came from operating grants and contributions, and the remainder from federal and state unrestricted aid, miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers and state aid.

Figure A-5
Sources of Revenue for Fiscal Year 2010

	Amount	Percentage
Sources of Income:		
Operating Grants and Contributions	\$ 21,904,009	36.60%
Property Taxes	36,835,097	61.54%
Federal and State Unrestricted Aid	128,851	0.22%
Charges for Services	847,172	1.42%
Other	136,188	0.23%
	\$ 59,851,317	100.00%

The total cost of all programs and services was \$58,460,781. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (73.81 percent). (See Figure A-6). The District's administrative and business activities accounted for 10.73 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2010

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 29,259,938	50.05%
Pupil and Instruction Services	10,225,870	17.49%
Administrative and Business	6,273,917	10.73%
Maintenance and Operations	6,371,938	10.90%
Transportation	3,665,033	6.27%
Other	2,664,085	4.56%
	<u>\$ 58,460,781</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. 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. During the past two years the District has offered a severance package which resulted in veteran teachers retiring and being replaced by teachers of less experience. Such changes have generated salary savings, but these have not been sufficient enough to offset increased special education programs and increased health benefit costs.

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

- Increased use of federal funds for tuition and related service costs.
- Dividends from the District's joint venture for workmen's compensation insurance pool due to prior claim experience and past pool net assets were significant this year.

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

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

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008/09	2009/10	2008/09	2009/10
Sources of Income:				
Instruction	\$ 28,470,689	\$ 29,259,938	\$11,293,633	\$10,722,439
Pupil and Instruction Services	9,505,687	10,225,870	8,979,034	9,666,836
Administrative and Business	4,999,781	6,273,917	4,652,065	5,905,059
Maintenance and Operations	6,121,843	6,371,938	5,846,266	6,102,022
Transportation	3,497,759	3,665,033	2,119,921	1,854,365
Other	1,582,637	1,441,326	1,582,637	1,441,326
	<u>\$ 54,178,396</u>	<u>\$ 57,238,022</u>	<u>\$ 34,473,556</u>	<u>\$ 35,692,047</u>

- The cost of all governmental activities this year was \$57.24 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$21.55 million).
- Most of the District's costs however, were financed by District taxpayers.
- The remainder of the funding came from charges for services, unrestricted state and federal aid, miscellaneous revenue and investment earnings.

Business-Type Activities

Net assets from the District's business-type activity decreased by \$15,771. (Refer to Figure A-4). The factor contributing to this result was:

- Food services expenses exceeded revenue by \$15,771.

Financial Analysis of the District's Funds

The District's financial position remains relatively stable despite significant changes in the student clientele and difficult economic conditions. Expenditures related to special needs children have increased due to additional students, requiring related services and material needs. Salaries of staff have been increased by prior year negotiated agreements and health benefits. The debt service requirement for the 2004 bond issue and the aforementioned required increase in expenditures resulted in a higher tax rate in 2010. The ability to generate fund balance and to have increased ratables is essential since there is not a guaranteed state aid increase.

General Fund Budgetary Highlights

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

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

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2008/09	2009/10	2008/09	2008/09	2008/09	2008/09	
Land	\$ 883,279	\$ 883,279			\$ 883,279	\$ 883,279	0.00%
Construction in Progress	26,015,841				26,015,841	-	-100.00%
Buildings and Improvements	23,206,060	49,689,881			23,206,060	49,689,881	114.12%
Equipment and Furniture	2,177,721	2,213,420	\$ 155,161	\$ 137,398	2,332,882	2,350,818	0.77%
	<u>\$ 52,282,901</u>	<u>\$ 52,786,580</u>	<u>\$ 155,161</u>	<u>\$ 137,398</u>	<u>\$ 52,438,062</u>	<u>\$ 52,923,978</u>	0.93%

Long-term Debt

At year-end, the District had \$25,650,000 in general obligation bonds outstanding – a reduction of \$1,195,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

Figure A-9
Outstanding Long-Term Debt

	Total School District		Percentage Change
	2008/09	2009/10	
General Obligation Bonds (Financed with Property Taxes)	\$ 26,845,000	\$ 25,650,000	-4.45%
Capital Leases	460,643	937,694	103.56%
Other Long-Term Debt	582,857	617,896	6.01%
	<u>\$ 27,888,500</u>	<u>\$ 27,205,590</u>	-2.45%

- The District continued to pay down its debt, retiring \$1,195,000 of outstanding bonds.
- The District continued to pay down its leases, retiring \$413,474 of outstanding capital leases.
- The District entered into a new capital lease in 2009/10 which amounted to \$890,525, for vehicles and other equipment.

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

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 357,450	\$ 138,218	\$ 495,668
Receivables from Other Governments	945,045	13,969	959,014
Other Receivables	25,720	5,066	30,786
Interfund Receivable	1,694		1,694
Restricted Assets:			
Capital Reserve Account - Cash	158,072		158,072
Capital Assets:			
Sites (Land)	883,279		883,279
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	51,903,301	137,398	52,040,699
Total Assets	<u>54,274,561</u>	<u>294,651</u>	<u>54,569,212</u>
LIABILITIES			
Accounts Payable - Vendors	7,203	15,885	23,088
Accrued Salaries Payable	4,520		4,520
Accrued Interest Payable	224,759		224,759
Deferred Revenue	269,707		269,707
Noncurrent Liabilities:			
Due Within One Year	1,474,030		1,474,030
Due Beyond One Year	25,731,560	31,770	25,763,330
Total Liabilities	<u>27,711,779</u>	<u>47,655</u>	<u>27,759,434</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	26,198,886	137,398	26,336,284
Restricted for:			
Debt Service	1,820		1,820
Capital Projects (Deficit)	(442,895)		(442,895)
Other Purposes	2,262,262		2,262,262
Unrestricted/(Deficit)	(1,457,291)	109,598	(1,347,693)
Total Net Assets	<u>\$ 26,562,782</u>	<u>\$ 246,996</u>	<u>\$ 26,809,778</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, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 21,294,150		\$ 15,539,918	\$ (5,754,232)		\$ (5,754,232)
Special Education	5,700,601		2,745,756	(2,954,845)		(2,954,845)
Other Special Instruction	1,286,082		194,826	(1,091,256)		(1,091,256)
Other Instruction	979,105		56,999	(922,106)		(922,106)
Support services:						
Tuition	2,356,722			(2,356,722)		(2,356,722)
Student & Instruction Related Services	7,869,148		559,034	(7,310,114)		(7,310,114)
General Administrative Services	1,345,111		49,096	(1,296,015)		(1,296,015)
School Administrative Services	3,472,809		215,524	(3,257,285)		(3,257,285)
Central Services	901,718		61,947	(839,771)		(839,771)
Administrative Technology	554,279		42,291	(511,988)		(511,988)
Plant Operations and Maintenance	6,371,938		269,916	(6,102,022)		(6,102,022)
Pupil Transportation	3,665,033		1,810,668	(1,854,365)		(1,854,365)
Interest on Long-Term Debt	988,417			(988,417)		(988,417)
Unallocated Depreciation	379,568			(379,568)		(379,568)
Transfer to Charter School	73,341			(73,341)		(73,341)
Total Governmental Activities	57,238,022	\$ -0-	21,545,975	(35,692,047)	\$ -0-	(35,692,047)

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:						
Food Service	\$ 1,222,759	\$ 847,172	\$ 358,034		\$ (17,553)	\$ (17,553)
Total Business-Type Activities	<u>1,222,759</u>	<u>847,172</u>	<u>358,034</u>		<u>(17,553)</u>	<u>(17,553)</u>
Total Primary Government	<u>\$ 58,460,781</u>	<u>\$ 847,172</u>	<u>\$ 21,904,009</u>	<u>\$ (35,692,047)</u>	<u>(17,553)</u>	<u>(35,709,600)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				34,669,488		34,669,488
Taxes Levied for Debt Service				2,165,609		2,165,609
Federal and State Aid not Restricted				128,851		128,851
Interest on Capital Reserve Account				2,020		2,020
Miscellaneous Income				132,386	1,782	134,168
Total General Revenue, Special Items and Transfers				<u>37,098,354</u>	<u>1,782</u>	<u>37,100,136</u>
Change in Net Assets				1,406,307	(15,771)	1,390,536
Net Assets - Beginning				<u>25,156,475</u>	<u>262,767</u>	<u>25,419,242</u>
Net Assets - Ending				<u>\$ 26,562,782</u>	<u>\$ 246,996</u>	<u>\$ 26,809,778</u>

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

FUND FINANCIAL STATEMENTS

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 356,352			\$ 1,098	\$ 357,450
Intergovernmental Accounts Receivable - State	483,880				483,880
Intergovernmental Accounts Receivable - Federal		\$ 461,165			461,165
Interfund Receivable	628,122			748	628,870
Other Receivable	25,720				25,720
Restricted Cash and Cash Equivalents	158,072				158,072
Total Assets	\$ 1,652,146	\$ 461,165		\$ 1,846	\$ 2,115,157
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors		\$ 7,203			\$ 7,203
Accrued Salaries and Benefits	\$ 4,520				4,520
Interfund Payable		184,255	\$ 442,895	\$ 26	627,176
Deferred Revenue		269,707			269,707
Total Liabilities	4,520	461,165	442,895	26	908,606
Fund Balances:					
Reserved for:					
Encumbrances	1,990,567				1,990,567
Capital Reserve Account	151,104				151,104
Maintenance Reserve Account	120,591				120,591
Unreserved/(Deficit), Reported in:					
General Fund	(1,365,371)				(1,365,371)
Designated for Subsequent Year's Expenditures	750,735			1,820	752,555
Capital Projects Fund			(442,895)		(442,895)
Total Fund Balances	1,647,626		(442,895)	1,820	1,206,551
Total Liabilities and Fund Balances	\$ 1,652,146	\$ 461,165	\$	\$ 1,846	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$65,499,200 and the accumulated depreciation is \$12,712,620.	52,786,580
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.	(224,759)
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	(27,205,590)
Net Assets of Governmental Activities	\$ 26,562,782

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 34,669,488			\$ 2,165,609	\$ 36,835,097
Miscellaneous	133,657		\$ 748		134,405
Total - Local Sources	34,803,145		748	2,165,609	36,969,502
State Sources	18,039,203			128,851	18,168,054
Federal Sources	2,313,196	\$ 1,193,577			3,506,773
Total Revenue	55,155,544	1,193,577	748	2,294,460	58,644,329
EXPENDITURES:					
Current:					
Regular Instruction	14,914,275	835,517			15,749,792
Special Education Instruction	3,892,725	261,542			4,154,267
Other Special Instruction	916,799				916,799
Other Instruction	764,994				764,994
Support Services and Undistributed Costs:					
Tuition	2,356,722				2,356,722
Student & Instruction Related Services	5,699,619				5,699,619
General Administrative Services	1,129,806				1,129,806
School Administrative Services	2,186,170				2,186,170

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 669,020				\$ 669,020
Administrative Technology	395,420				395,420
Plant Operations and Maintenance	5,327,493				5,327,493
Pupil Transportation	3,165,506				3,165,506
Unallocated Benefits	12,512,212				12,512,212
Debt Service:					
Principal				\$ 1,195,000	1,195,000
Interest and Other Charges				1,108,180	1,108,180
Capital Outlay	232,473	\$ 96,518	\$ 811,042		1,140,033
Transfer to Charter School	73,341				73,341
Total Expenditures	<u>54,236,575</u>	<u>1,193,577</u>	<u>811,042</u>	<u>2,303,180</u>	<u>58,544,374</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>918,969</u>		<u>(810,294)</u>	<u>(8,720)</u>	<u>99,955</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In			723,375	748	724,123
Transfers Out	(723,375)		(748)		(724,123)
Total Other Financing Sources/(Uses)	<u>(723,375)</u>		<u>722,627</u>	<u>748</u>	
Net Change in Fund Balances	195,594		(87,667)	(7,972)	99,955
Fund Balance/(Deficit)—July 1	<u>1,452,032</u>		<u>(355,228)</u>	<u>9,792</u>	<u>1,106,596</u>
Fund Balance/(Deficit)—June 30	<u>\$ 1,647,626</u>	<u>\$ -0-</u>	<u>\$ (442,895)</u>	<u>\$ 1,820</u>	<u>\$ 1,206,551</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, 2010

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	99,955
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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	\$ (636,354)	
	Capital outlays	<u>1,140,033</u>	503,679

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 (+).

(35,039)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)

119,763

Capital Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

(890,525)

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

1,608,474

Change in Net Assets of Governmental Activities

\$ 1,406,307

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

Business-type
Activities -
Enterprise Funds
Food
Service

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$	138,218
Accounts Receivable:		
State Breakfast		155
State Lunch		855
Federal Breakfast		1,240
Federal Lunch		11,465
Federal Milk		254
Other Accounts Receivable		<u>5,066</u>

Total Current Assets 157,253

Non-Current Assets:

Capital Assets		466,511
Less: Accumulated Depreciation		<u>(329,113)</u>

Total Non-Current Assets 137,398

Total Assets 294,651

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors		15,885
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Long-Term Liabilities:

Accounts Payable - Vendors		<u>31,770</u>
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Total Current Liabilities 47,655

NET ASSETS:

Investment in Capital Assets Net of Related Debt		137,398
Unrestricted		<u>109,598</u>

Total Net Assets \$ 246,996

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 559,994
Daily Sales - Non-Reimbursable Programs	287,178
Total Operating Revenue	847,172
Operating Expenses:	
Cost of Sales	518,986
Salaries and Payroll Taxes	376,578
Employee Benefits	133,982
Management Fee	147,490
Professional and Technical Services	26,190
Supplies and Repairs	1,770
Depreciation Expense	17,763
Total Operating Expenses	1,222,759
Operating Income/(Loss)	(375,587)
Non-Operating Income:	
State Sources:	
State School Lunch Program	13,536
State School Breakfast Program	1,941
Federal Sources	
National School Lunch Program	177,495
National School Breakfast Program	15,671
Special Milk Program	4,003
Food Distribution Program	52,755
Food Service Company Guarantee	92,633
Interest Revenue	1,782
Total Non-Operating Income	359,816
Change in Net Assets	(15,771)
Net Assets - Beginning of Year	262,767
Net Assets - End of Year	\$ 246,996

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, 2010

Exhibit B-6

	<u>Business-type Activities- Enterprise Funds</u> <u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 847,172
Payments to Employees/Benefits	(510,560)
Payments to Food Service Vendor	(147,490)
Payments to Suppliers	(436,322)
Net Cash (Used) for Operating Activities	<u>(247,200)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Food Service Company - Guarantee	92,633
Cash Received from Federal and State Sources	252,096
Net Cash Provided by Noncapital Financing Activities	<u>344,729</u>
Cash Flows from Investing Activities:	
Investment Income	<u>1,782</u>
Net Cash Provided by Investing Activities	<u>1,782</u>
Net (Decrease) in Cash and Cash Equivalents	99,311
Cash and Cash Equivalents, July 1	<u>38,907</u>
Cash and Cash Equivalents, June 30	<u>\$ 138,218</u>
Reconciliation of Operating Income/(Loss) to Net Cash (Used) for Operating Activities:	
Operating (Loss)	\$ (375,587)
Adjustment to Reconcile Operating Income/(Loss) to Cash (Used) for Operating Activities:	
Depreciation	17,763
Federal Food Distribution Program	52,755
Changes in Assets and Liabilities:	
Decrease in Interfund Receivable	4,282
Decrease in Inventory	25,289
Increase in Accounts Payable	47,655
(Decrease) in Deferred Revenue	(19,357)
Net Cash (Used) for Operating Activities	<u>\$ (247,200)</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 \$52,755 for the fiscal year ended June 30, 2010.

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

Exhibit B-7

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency Total</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 998,143	\$ 222,443	\$ 56,937
Total Assets	<u>998,143</u>	<u>222,443</u>	<u>56,937</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	789,671		
Due to Student Groups	206,778		
Interfund Payable	<u>1,694</u>		
Total Liabilities	<u>998,143</u>		
<u>NET ASSETS:</u>			
Held in Trust for Unemployment Claims		222,443	
Reserved for Scholarships			<u>56,937</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 222,443</u>	<u>\$ 56,937</u>

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
ADDITIONS:		
Contributions:		
District Contributions	\$ 309,684	
Plan Member	70,477	
Other		\$ 16,724
Total Contributions	380,161	16,724
Investment Earnings:		
Interest	130	149
Net Investment Earnings	130	149
Total Additions	380,291	16,873
DEDUCTIONS:		
Unemployment Compensation Claims	168,395	
Scholarships Awarded		7,575
Total Deductions	168,395	7,575
Change in Net Assets	211,896	9,298
Net Assets - Beginning of the Year	10,547	47,639
Net Assets - End of the Year	\$ 222,443	\$ 56,937

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, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government 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 in the program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenue of the District.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

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

Special Revenue Fund: The special revenue fund is used to account for 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 to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (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.

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following proprietary funds:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(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 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.

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

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

D. Budgets/Budgetary Control:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(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, and Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of state aid. The District's General Fund and Capital Projects Fund recognize the full amount of the state grants in the year awarded on a budgetary basis. The State is recording the last two state aid payments in the subsequent fiscal year for the General Fund, as detailed more fully in Note 1P. On a GAAP basis, Capital Projects Fund state grant revenue is recognized based on grant expenditures and when reimbursements are submitted.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 55,180,834	\$ 1,463,284
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenues on the Budgetary Basis but not on the GAAP Basis		(269,707)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,616,151	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,641,441)</u>	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 55,155,544</u>	<u>\$ 1,193,577</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

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

Uses/Outflows of Resources:

Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 54,236,575	\$ 1,463,284
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		(269,707)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 54,236,575	\$ 1,193,577

		Capital Projects Fund
Unreserved Fund Balance		\$ 491,129
Reconciliation to Governmental Funds Statements (GAAP):		
NJSDA Grant Receivable not Recognized on GAAP Basis		(934,024)
Fund Balance per Governmental Funds (GAAP)		\$ (442,895)

E. Cash and Cash Equivalents, and Investments:

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

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, however twelve month employees are subject to having salary accruals at year end. Accrued salaries and wages as of June 30, 2010 totaled \$4,520.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

N. Compensated Absences:

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

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

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

O. Deferred Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,647,626 General Fund balance at June 30, 2010, \$1,990,567 is reserved for encumbrances, \$151,104 is reserved in the capital reserve account; \$120,591 is reserved in the maintenance reserve account; \$750,735 is designated for subsequent year's expenditures and (\$1,365,371) is unreserved and undesignated which is \$1,641,441 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2011.

Capital Projects Fund: The (\$442,895) Capital Projects Fund balance at June 30, 2010, is unreserved and undesignated.

Debt Service Fund: The \$1,820 Debt Service Fund balance at June 30, 2010 is designated for subsequent year's expenditures.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Reserved 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 reserve 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 has no excess surplus at June 30, 2010.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,641,441 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Fund Balances/Net Assets:

The District has a deficit in fund balance in the general fund in the amount of \$1,365,371. This deficit was primarily due to the final two state aid payments not being recognized as revenue on a GAAP basis. The District had a deficit in fund balance in the capital projects fund and in net assets restricted for capital projects at year end. This resulted from the New Jersey School Development Authority grant funding not being recognized as revenue on a GAAP basis as of June 30, 2010. In addition there was a deficit of \$442,895 in unrestricted net assets at June 30, 2010. These deficits do not indicate that the District is facing financial difficulties and is permitted practice under generally accepted accounting principles.

R. Net Assets:

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

S. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditures. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, maintenance reserve, and capital reserve as defined by State law.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Deposits:

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

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

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

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

Investments: (Cont'd)

As of June 30, 2010, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash	Total
Checking and Savings Accounts	\$ 1,773,191	\$ 158,072	\$ 1,931,263
	\$ 1,773,191	\$ 158,072	\$ 1,931,263

During the period ended June 30, 2010, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2010, was \$1,931,263 and the bank balance was \$3,602,188.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$ 263,807
Add: Interest Earned in Capital Reserve Account	1,102
Less: Transfer to Capital Projects Fund by Resolution	(113,805)
Ending Balance, June 30, 2010	\$ 151,104

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects at June 30, 2010 is equal to or greater than \$151,104. The withdrawals from the capital reserve account were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2010, the District transferred a total of \$184,815 to capital outlay accounts for equipment which did not require approval from the County Superintendent.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Student and Instructional Support	\$ 69,587
General Administration	30,880
Operations and Maintenance of Plant	30,538
Transportation	125,781
Unallocated	379,568
	<u>\$ 636,354</u>

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfer of Construction in Progress</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 883,279			\$ 883,279
Construction in Progress	26,015,841		\$ (26,015,841)	
Total Capital Assets Not Being Depreciated	<u>26,899,120</u>		<u>(26,015,841)</u>	<u>883,279</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	33,232,964	\$ 823,681	26,015,841	60,072,486
Machinery and Equipment	4,227,083	316,352		4,543,435
Total Capital Assets Being Depreciated	<u>37,460,047</u>	<u>1,140,033</u>	<u>26,015,841</u>	<u>64,615,921</u>
Governmental Activities Capital Assets	<u>64,359,167</u>	<u>1,140,033</u>		<u>65,499,200</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(10,026,904)	(355,701)		(10,382,605)
Machinery and Equipment	(2,049,362)	(280,653)		(2,330,015)
	<u>(12,076,266)</u>	<u>(636,354)</u>		<u>(12,712,620)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,282,901</u>	<u>\$ 503,679</u>	<u>\$ -</u>	<u>\$ 52,786,580</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 466,511			\$ 466,511
Less: Accumulated Depreciation	(311,350)	\$ (17,763)		(329,113)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 155,161</u>	<u>\$ (17,763)</u>	<u>\$ -</u>	<u>\$ 137,398</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2009</u>	<u>Issued/ Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2010</u>
Compensated Absences Payable	\$ 582,857	\$ 215,837	\$ 180,798	\$ 617,896
Capital Leases Payable	460,643	890,525	413,474	937,694
Serial Bonds Payable	<u>26,845,000</u>		<u>1,195,000</u>	<u>25,650,000</u>
	<u>\$27,888,500</u>	<u>\$1,106,362</u>	<u>\$1,789,272</u>	<u>\$ 27,205,590</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

The District had bonds outstanding as of June 30, 2010 as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
9/15/2027	3.50% - 4.50%	\$24,705,000
9/1/2016	4.00%	<u>945,000</u>
		<u>\$25,650,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,010,000	\$ 1,066,205	\$ 2,076,205
2012	1,055,000	1,024,905	2,079,905
2013	1,110,000	981,605	2,091,605
2014	1,160,000	936,205	2,096,205
2015	1,220,000	888,605	2,108,605
2016-2020	6,515,000	3,674,643	10,189,643
2021-2025	7,880,000	2,192,180	10,072,180
2026-2028	<u>5,700,000</u>	<u>392,400</u>	<u>6,092,400</u>
	<u>\$25,650,000</u>	<u>\$ 11,156,748</u>	<u>\$36,806,748</u>

B. Bonds Authorized but not Issued:

As of June 30, 2010, the Board had no bonds authorized but not issued.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

C. Capital Leases Payable:

The District is leasing transportation, computer and copier equipment, under capital leases. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010.

<u>Year</u>	<u>Amount</u>
2011	\$ 433,674
2012	190,314
2013	190,314
2014	<u>190,314</u>
	1,004,616
Less: Amount representing interest	<u>(66,922)</u>
Present value of net minimum lease payments	<u><u>\$ 937,694</u></u>

The current portion of Capital Leases payable at June 30, 2010 is \$402,241 and the long-term portion is \$535,453. Capital leases will be liquidated through the general fund.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$61,790 and is separated from the long-term liability balance of compensated absences of \$556,106.

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, 2010, no liability existed for compensated absences in the Food Service Fund. Governmental Fund compensated absences will be liquidated by the General Fund.

NOTE 8. PENSION PLANS

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

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

<u>Three-Year Trend for TPAF (Paid on-behalf of District)</u>			
<u>Year Funding</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$ - 0 -	100.00%	\$ - 0 -
2009	-0-	100.00%	-0-
2008	1,627,631	100.00%	1,627,631

<u>Three-Year Trend for PERS</u>			
<u>Year Funding</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$ 551,815	100.00%	\$ 551,815
2009	423,602	100.00%	423,602
2008	396,996	80.00%	317,597

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2010. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2010 are as follows:

- 20% for payments due in the State fiscal year 2005
- Not more than 40% for payments due in the State fiscal year 2006
- Not more than 60% for payments due in the State fiscal year 2007
- Not more than 80% for payments due in the State fiscal year 2008

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990 c. 6 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to kind post retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a refunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of one percent of the active State payroll.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2010.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$1,502,232, \$1,369,625, and \$1,864,244 for 2010, 2009 and 2008, respectively.

NOTE 10. RISK MANAGEMENT

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

Property and Liability

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The District is a member of a joint insurance fund for workers' compensation. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

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

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

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information as of June 30, 2009 is as follows:

	<u>Pooled Insurance Program</u>
Total Assets	<u>\$ 18,004,519</u>
Net Assets	<u>\$ 5,033,407</u>
Total Revenue	<u>\$ 7,294,019</u>
Total Expenses	<u>\$ 5,800,018</u>
Change in Net Assets	<u>\$ 463,208</u>
Net Assets Distribution to Participating Members	<u>\$ 1,030,793</u>

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

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ 309,684	\$ 130	\$ 70,477	\$ 168,395	\$ 222,443
2008-2009	-0-	219	102,645	128,286	10,547
2007-2008	-0-	665	58,549	51,153	35,969

NOTE 11. ECONOMIC DEPENDENCY

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 12. INTERFUNDS PAYABLE AND RECEIVABLE

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2010:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 628,122	
Special Revenue Fund		\$ 184,255
Capital Projects Fund		442,895
Debt Service Fund	748	26
Agency Funds		1,694
	<u>\$ 628,870</u>	<u>\$ 628,870</u>

The general fund is owed \$442,895 from the Capital Projects fund which is a combination of a prior year interfund and interfunds advanced in the current year to cover the expenses for the renovation project at the high school and middle school as well as the consumer life science project. There was also a transfer from the general fund to the capital projects fund in the amount of \$723,375 for the partial funding of the high school and middle school consumer life science construction. The general fund is owed \$184,255 from Special Revenue fund to cover a cash deficit which will be reimbursed when grant money is received from the federal grantors. The District earned \$748 of interest in the Capital Projects fund during the past two fiscal years which is due to the Debt Service fund.

NOTE 13. DEFERRED COMPENSATION

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

VALIC	Thomas Seeley Agency
Equitable Financial Companies	Lincoln Investment Planning
Great American	Vanguard

NOTE 14. TAX CALENDAR

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bonds. The amount of liability at June 30, 2010, if any, is unknown.

NOTE 16. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$100,000 was established by the District in the 2003-04 budget. The funds for the establishment of this reserve were withdrawn from undesignated unreserved general fund balance. These funds may 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 undesignated, unreserved general fund balance or by transferring excess, undesignated, unreserved 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 reserved 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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 16. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance July 1, 2009	\$ 119,673
Interest Earnings	<u>918</u>
Ending Balance June 30, 2010	<u><u>\$ 120,591</u></u>

BUDGETARY COMPARISON SCHEDULES

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 34,669,488		\$ 34,669,488	\$ 34,669,488	
Tuition	56,536		56,536	48,653	\$ (7,883)
Interest Earned on Capital Reserve				1,102	1,102
Interest Earned on Maintenance Reserve	1,200		1,200	918	(282)
Miscellaneous	100,000		100,000	82,984	(17,016)
Total - Local Sources	34,827,224		34,827,224	34,803,145	(24,079)
State Sources:					
Equalization Aid	12,641,474	\$ (2,293,746)	10,347,728	10,347,728	
Transportation Aid	1,685,471		1,685,471	1,685,471	
Special Education Aid	2,075,647		2,075,647	2,075,647	
Security Aid	294,109		294,109	218,454	(75,655)
Extraordinary Aid	261,849		261,849	369,215	107,366
Nonpublic Transportation Aid				27,724	27,724
On-Behalf TPAF Non Contributory Group Insurance (Non-Budgeted)				79,985	79,985
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,502,232	1,502,232
TPAF Social Security (Reimbursed - Non-Budgeted)				1,758,037	1,758,037
Total State Sources	16,958,550		14,664,804	18,064,493	3,399,689
Federal Sources:					
Medicaid Reimbursement	14,639	4,811	19,450	19,450	
Equalization Aid - ARRA ESF		2,208,261	2,208,261	2,208,261	
Equalization Aid - ARRA GSF		85,485	85,485	85,485	
Total Federal Sources	14,639	2,298,557	2,313,196	2,313,196	
TOTAL REVENUES	51,800,413	2,298,557	51,805,224	55,180,834	3,375,610
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	456,816		456,816	369,081	87,735
Grades 1-5 - Salaries of Teachers	4,783,111	7,800	4,790,911	4,441,895	349,016
Grades 6-8 - Salaries of Teachers	4,086,973	255	4,087,228	3,821,288	265,940
Grades 9-12 - Salaries of Teachers	5,275,220	(1,711)	5,273,509	4,974,946	298,563
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000	40,770	75,770	75,770	
Other Purchased Services	10,000	(543)	9,457	9,457	

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Regular Programs - Instruction (Cont'd):					
Other Salaries for Instruction	\$ 146,666	\$ (5,921)	\$ 140,745	\$ 77,886	\$ 62,859
Purchased Professional - Educational Services	3,560	(767)	2,793	1,765	1,028
Other Purchased Services (400-500 series)	544,282	(89,417)	454,865	337,719	117,146
General Supplies	604,350	(22,333)	582,017	534,891	47,126
Textbooks	239,520	25,460	264,980	257,114	7,866
Miscellaneous	18,319		18,319	12,463	5,856
Total Regular Programs - Instruction	<u>16,203,817</u>	<u>(46,407)</u>	<u>16,157,410</u>	<u>14,914,275</u>	<u>1,243,135</u>
Special Education - Instruction:					
Cognitive - Mild					
Other Salaries for Instruction		23,014	23,014	2,866	20,148
Total Cognitive - Mild		<u>23,014</u>	<u>23,014</u>	<u>2,866</u>	<u>20,148</u>
Learning and or Language Disabilities:					
Salaries of Teachers	610,088	(67,100)	542,988	524,603	18,385
Other Salaries for Instruction	284,762	(41,012)	243,750	234,474	9,276
General Supplies	7,397	550	7,947	7,742	205
Total Learning and or Language Disabilities	<u>902,247</u>	<u>(107,562)</u>	<u>794,685</u>	<u>766,819</u>	<u>27,866</u>
Visual Impairments:					
Other Salaries for Instruction	23,059	757	23,816	23,816	
Total Visual Impairments	<u>23,059</u>	<u>757</u>	<u>23,816</u>	<u>23,816</u>	
Behavioral Disabilities:					
Salaries of Teachers	234,918		234,918	230,926	3,992
Other Salaries for Instruction	111,475		111,475	105,570	5,905
General Supplies	5,074		5,074	4,506	568
Total Behavioral Disabilities	<u>351,467</u>		<u>351,467</u>	<u>341,002</u>	<u>9,897</u>
Multiple Disabilities:					
Salaries of Teachers	285,465	(745)	284,720	235,831	48,889
Other Salaries for Instruction	275,986		275,986	249,731	26,255
General Supplies	9,649		9,649	8,812	837
Textbooks	668		668	656	12
Total Learning and/or Language Disabilities	<u>571,768</u>	<u>(745)</u>	<u>571,023</u>	<u>495,030</u>	<u>75,993</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,104,163	387,639	1,491,802	1,491,802	
Other Salaries for Instruction	108,998	44,228	153,226	153,226	
General Supplies	9,616	1,727	11,343	11,343	
Textbooks	1,255		2,116	2,027	89
Total Resource Room/Resource Center	<u>1,224,032</u>	<u>433,594</u>	<u>1,658,487</u>	<u>1,658,398</u>	<u>89</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Autistic:					
Salaries of teachers	\$ 52,262	\$ 601	\$ 52,863	\$ 52,863	
Other Salaries for Instruction	95,108	37,317	132,425	130,287	\$ 2,138
General Supplies	4,338	133	4,471	4,231	240
Total Autistic	151,708	(151,708)	189,759	187,381	2,378
Preschool Handicapped - Part-time:					
Salaries of Teachers	246,016	19,510	265,526	256,553	8,973
Other Salaries for Instruction	126,487	18,901	145,388	145,388	
General Supplies	12,594	6,178	18,772	15,472	3,300
Other objects	1,140	(461)	679	679	
Total Preschool Handicapped - Part-time	386,237	44,589	430,365	417,413	12,952
Total Special Education Instruction	3,610,518	241,939	4,042,616	3,892,725	149,323
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,236,382	(321,436)	914,946	870,245	44,701
Total Basic Skills/Remedial - Instruction	1,236,382	(321,436)	914,946	870,245	44,701
Bilingual Education - Instruction:					
Salaries of Teachers	58,558	(661)	57,897	46,300	11,597
Other purchased services (400-500 series)	400		400	254	146
Total Bilingual Education - Instruction	58,958	(661)	58,297	46,554	11,743
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	169,993	22,162	192,155	191,155	1,000
Other Purchased Services (400-500 series)	5,850	1,323	7,173	3,010	4,163
Supplies and Materials	23,655	2,490	26,145	17,434	8,711
Other Objects	31,618	(7,415)	24,203	16,985	7,218
Total School-Sponsored Cocurricular Activities - Instruction	231,116	18,560	249,676	228,584	21,092

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 337,564		\$ 337,564	\$ 337,250	\$ 314
Other Purchased Services	67,507	\$ (4,150)	63,357	50,854	12,503
Other Purchased Services (400-500 series)	72,652	1,601	74,253	52,637	21,616
Supplies and Materials	77,350	150	77,500	66,936	10,564
Other Objects	27,480	4,150	31,630	28,733	2,897
Total School-Sponsored Cocurricular Athletics - Instruction	582,553	1,751	584,304	536,410	47,894
Total Instruction	21,923,344	(106,254)	22,007,249	20,488,793	1,517,888
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular		11,314	11,314	11,314	
Tuition to Other LEAs Within the State - Special	528,603	43,062	571,665	571,665	
Tuition to County Vocational School District - Regular	375,284	(6,082)	369,202	369,202	
Tuition to County Vocational School District - Special	33,824	(18,701)	15,123	15,123	
Tuition to County Special Services and Day School	235,534	(82,085)	153,449	135,355	18,094
Tuition to Private Schools for the Handicapped - Within State	981,575	171,237	1,152,812	1,152,812	
Tuition to State Facility	101,250		101,250	101,250	
Total Undistributed Expenditures - Instruction:	2,256,070	118,746	2,374,816	2,356,722	18,094
Health Services:					
Salaries	528,127		528,127	501,166	26,961
Purchased Professional and Technical Services	24,150	4,415	28,565	28,564	1
Other Purchased Services (400-500 series)	2,075	(201)	1,874	1,738	136
Supplies and Materials	19,644	(4,214)	15,430	15,035	395
Total Health Services	573,996		573,996	546,503	27,493

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 666,576	\$ (67,474)	\$ 599,102	\$ 530,476	\$ 68,626
Purchased Professional - Educational Services	122,120	(11,538)	110,582	107,980	2,602
Supplies and Materials	3,673		3,673	3,613	60
Total Speech, OT, PT and Related Services	792,369	(79,012)	713,357	642,069	71,288
Other Support Services - Students - Extra Services:					
Purchased Professional - Educational Services	123,299	(38,258)	85,041	85,041	
Supplies and Materials	6,998	1,080	8,078	8,071	7
Total Other Support Services - Students - Extra Services	130,297	(37,178)	93,119	93,112	7
Guidance:					
Salaries of Other Professional Staff	1,086,752		1,086,752	1,046,479	40,273
Salaries of Secretarial and Clerical Assistants	156,876		156,876	124,954	31,922
Purchased Professional - Educational Services	10,690	(1,954)	8,736	8,736	
Other Purchased Professional - Technical Services	22,409	(10,014)	12,395	8,583	3,812
Other Purchased Services (400-500 series)	50,473		50,473	45,892	4,581
Supplies and Materials	13,366	(943)	12,423	10,042	2,381
Other Objects	1,450		1,450	477	973
Total Guidance	1,342,016	(12,911)	1,329,105	1,245,163	83,942
Child Study Team:					
Salaries of Other Professional Staff	1,269,079	(30,456)	1,238,623	1,190,170	48,453
Salaries of Secretarial and Clerical Assistants	139,722		139,722	134,722	5,000
Purchased Professional - Educational Services	42,450	(13,281)	29,169	28,079	1,090
Other Purchased Professional - Technical Services	49,463	(21,449)	28,014	26,624	1,390
Other Purchased Services (400-500 series)	8,536	(665)	7,871	6,117	1,754
Supplies & Materials	16,328	(555)	15,773	15,773	
Other Objects	1,100		1,100	1,082	18
Total Child Study Team	1,526,678	(66,406)	1,460,272	1,402,567	57,705

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 509,476		\$ 509,476	\$ 509,476	
Salaries of Other Professional Staff	612,153	\$ 89,550	701,703	688,436	\$ 13,267
Salaries of Secretarial and Clerical Assistants	48,130	45	48,175	48,175	
Purchased Professional - Educational Services	1,200		1,200	1,013	187
Other Purchased Services (400-500 series)	12,883	1,167	14,050	13,295	755
Supplies and Materials	5,200	(3,667)	1,533	1,135	398
Other Objects	6,439	(1,900)	4,539	4,440	99
Total Improvement of Instructional Services	1,195,481	85,195	1,280,676	1,265,970	14,706
Educational Media Services/School Library:					
Salaries	531,445	(89,550)	441,895	421,570	20,325
Supplies and Materials	45,731	(750)	44,981	43,398	1,583
Total Educational Media Services/School Library	577,176	(90,300)	486,876	464,968	21,908
Instructional Staff Training Services:					
Salaries of Other Professional Staff		16,345	16,345	16,345	
Purchased Professional - Educational Services	9,000	(5,197)	3,803	3,493	310
Other Purchased Services (400-500 series)	29,650	(9,693)	19,957	18,898	1,059
Supplies and Materials	3,600	(3,000)	600	531	69
Total Instructional Staff Training Services	42,250	(1,545)	40,705	39,267	1,438
Support Services - General Administration:					
Salaries	457,571	577	458,148	457,735	413
Legal Services	253,000	(75,828)	177,172	136,854	40,318
Audit Fees	28,875	825	29,700	29,700	
Architecture/Engineering Services	7,000	28,183	35,183	34,477	706
Other Purchased Professional Services	2,395	16,948	19,343	17,899	1,444
Other Purchased Professional - Technical Services	19,211	(540)	18,671	16,222	2,449
Communications/Telephone	272,535	(86,427)	186,108	180,172	5,936
BOE Other Purchased Services	350	126	476	357	119
Other Purchased Services (400-500 series)	96,450	(11,481)	84,969	76,983	7,986
Supplies and Materials	4,400	8,824	13,224	13,224	
BOE In-House Training/meeting Supplies	1,100	1,181	2,281	2,128	153
Judgements Against the School District		125,500	125,500	125,500	
Miscellaneous Expenditures	33,518	5,265	38,783	36,075	2,708
Board of Education Dues	4,950		4,950	2,480	2,470
Total Support Services - General Administration	1,181,355	13,153	1,194,508	1,129,806	64,702

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,215,640		\$ 1,215,640	\$ 1,211,218	\$ 4,422
Salaries of Secretarial and Clerical Assistants	824,923		824,923	798,147	26,776
Other Purchased Professional - Technical Services	57,175	\$ 272	57,447	47,429	10,018
Other Purchased Services (400-500 series)	113,338	(5,989)	107,349	95,438	11,911
Supplies and Materials	18,043	5,570	23,613	20,462	3,151
Other Objects	21,403	(5,919)	15,484	13,476	2,008
Total Support Services - School Administration	2,250,522	(6,066)	2,244,456	2,186,170	58,286
Central Services:					
Salaries	582,474	(1,182)	581,292	577,546	3,746
Purchased Professional - Educational Services	2,100	3,750	5,850	5,850	
Other Purchased Professional - Technical Services	21,084	(550)	20,534	16,572	3,962
Other Purchased Services (400-500 series)	8,340		8,340	6,737	1,603
Supplies and Materials	12,561		12,561	4,562	7,999
Interest on Lease Purchase Agreements	71,438	(5,000)	66,438	55,748	10,690
Other Objects	2,410		2,410	2,005	405
Total Central Services	700,407	(2,982)	697,425	669,020	28,405
Administration Information Technology:					
Salaries	410,888	(400)	410,488	394,282	16,206
Other Purchased Services (400-500 series)	4,000	(1,956)	2,044	1,138	906
Supplies and Materials	1,000	(94)	906		906
Total Administration Information Technology	415,888	(2,450)	413,438	395,420	18,018
Required Maintenance of School Facilities:					
Salaries	808,756	(1,883)	806,873	759,933	46,940
Cleaning, Repair and Maintenance Services	276,418	195,670	472,088	455,114	16,974
General Supplies	152,335	24,121	176,456	168,837	7,619
Total Required Maintenance of School Facilities	1,237,509	217,908	1,455,417	1,383,884	71,533

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial Services:					
Salaries	\$ 1,527,466	\$ (21,795)	\$ 1,505,671	\$ 1,391,792	\$ 113,879
Purchased Professional and Technical Services	172,970	3,602	176,572	174,826	1,746
Cleaning, Repair and Maintenance Services	33,900	(3,396)	30,504	27,100	3,404
Rental of Land and Building	165,360	(6,950)	158,410	155,868	2,542
Other Purchased Property Services	31,985	(5,926)	26,059	14,417	11,642
Insurance	147,369	(14,942)	132,427	129,965	2,462
Other Purchased Services	4,625	(3,895)	730	730	
General Supplies	177,253	(25,267)	151,986	148,802	3,184
Energy (Energy and Electricity)	784,699	8,189	792,888	744,655	48,233
Other Objects	225		225	225	
Salaries of Non-Instructional Aides	303,458	(194,786)	108,672	96,146	12,526
Energy (Natural Gas)	41,821	24,315	66,136	54,721	11,415
Energy (Oil)	699,697	(68,986)	630,711	500,033	130,678
Total Custodial Services	4,090,828	(309,837)	3,780,991	3,439,280	341,711
Care & Upkeep of Grounds:					
Salaries	158,453	31,001	189,454	179,738	9,716
Cleaning, Repair & Maintenance Services	9,800	55,661	65,461	65,461	
General Supplies	64,872	(5,997)	58,875	58,875	
Total Care & Upkeep of Grounds	233,125	80,665	313,790	304,074	9,716
Security:					
Salaries		185,751	185,751	185,013	738
Purchased Services		10,484	10,484	10,090	394
General Supplies	7,180	2,664	9,844	5,152	4,692
Total Security	7,180	198,899	206,079	200,255	5,824

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 41,012	\$ (5,000)	\$ 36,012	\$ 33,824	\$ 2,188
Salaries for Pupil Transportation - Regular	892,197	(5,000)	887,197	872,579	14,618
Salaries for Pupil Transportation - Special Education		10,099	10,099	1,423	8,676
Salaries for Pupil Transportation - Other	59,980	(8,964)	51,016	19,795	31,221
Purchased Professional and Technical Services	10,147	600	10,747	10,102	645
Cleaning, Repair and Maintenance Services	10,605	(87)	10,518	7,005	3,513
Lease Purchase Payments - School Buses	163,591	3,196	166,787	166,787	
Contracted Services:					
Aid in Lieu - Non Public Schools	123,390	(8,303)	115,087	106,892	8,195
Aid in Lieu - Charter School	4,570		4,570	3,536	1,034
Between Home and School - Vendors	566,717		566,717	565,653	1,064
Other than Between Home and School - Vendors	111,782	13,088	124,870	118,820	6,050
ESC Regular Students	306,739	(10,059)	296,680	296,680	
ESC Special Educations Students	696,902	88,663	785,565	781,278	4,287
Other Purchased Services (400-500 series)	15,920	377	16,297	15,883	414
Supplies and Materials	210,725	(47,746)	162,979	162,979	
Other Objects	3,788	(688)	3,100	2,270	830
Total Student Transportation Services	3,218,065	30,176	3,248,241	3,165,506	82,735
Unallocated Benefits:					
Social Security Contributions	683,065	65,000	748,065	651,467	96,598
Other Retirement - PERS	604,859	(53,044)	551,815	551,815	
Workmen's Compensation	262,005	(6,926)	255,079	250,594	4,485
Unemployment Compensation	50,000	259,684	309,684	309,684	
Health Benefits	6,856,908	312,232	7,169,140	7,169,140	
Tuition Reimbursement	97,000	23,911	120,911	80,590	40,321
Other Employee Benefits	104,280	90,283	194,563	158,668	35,895
Total Unallocated Benefits	8,658,117	691,140	9,349,257	9,171,958	177,299

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-Behalf Contributions:					
On-Behalf TPAF Non Contributory Group Insurance (Non-Budgeted)				\$ 79,985	\$ (79,985)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,502,232	(1,502,232)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				1,758,037	(1,758,037)
Total On-Behalf Contributions				3,340,254	(3,340,254)
Total Personal Services - Employee Benefits	\$ 8,658,117	\$ 691,140	\$ 9,349,257	12,512,212	(3,162,955)
Total Undistributed Expenses	30,429,329	547,631	30,736,655	33,441,968	(2,200,984)
TOTAL CURRENT EXPENSE	52,352,673	441,377	52,743,904	53,930,761	(1,186,857)
CAPITAL OUTLAY					
Equipment:					
Other Support Services - Students - Regular	4,900	123,019	127,919	127,919	
Regular Programs - Instruction:					
Grades 1-5		21,497	21,497	21,497	
Grades 6-8		37,470	37,470	37,470	
Grades 9-12	7,000	(4,341)	2,659	2,659	
Multiple Disabilities - Instruction:					
Instructional Equipment		7,170	7,170	7,170	
Total Equipment	11,900	184,815	196,715	196,715	
Facilities Acquisition and Construction Services:					
Legal Services	3,000	(3,000)			
Architectural/Engineering Services	50,913	(41,113)	9,800	8,820	980
Other Purchased Prof. & Tech. Services	1,674	25,264	26,938	26,938	
Construction Services	667,788	(667,788)			
Total Facilities Acquisition and Construction Services	723,375	(686,637)	36,738	35,758	980
TOTAL CAPITAL OUTLAY	735,275	(501,822)	233,453	232,473	980

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Transfer to Charter School	\$ 52,591	\$ 20,750	\$ 73,341	\$ 73,341	
Total Transfer to Charter School	<u>52,591</u>	<u>20,750</u>	<u>73,341</u>	<u>73,341</u>	
TOTAL EXPENDITURES	<u>53,140,539</u>	<u>(39,695)</u>	<u>53,050,698</u>	<u>54,236,575</u>	<u>\$ (1,185,877)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,340,126)</u>	<u>2,338,252</u>	<u>(1,245,474)</u>	<u>944,259</u>	<u>2,189,733</u>
Other Financing Sources/(Uses):					
Capital Reserve Transfer to Capital Projects Fund		(113,805)	(113,805)	(113,805)	
Capital Outlay Transfer to Capital Projects Fund		<u>(609,570)</u>	<u>(609,570)</u>	<u>(609,570)</u>	
Total Other Financing Sources/(Uses)		<u>(723,375)</u>	<u>(723,375)</u>	<u>(723,375)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(1,340,126)</u>	<u>1,614,877</u>	<u>(1,968,849)</u>	<u>220,884</u>	<u>2,189,733</u>
Fund Balance, July 1	<u>3,068,183</u>		<u>3,068,183</u>	<u>3,068,183</u>	
Fund Balance, June 30	<u>\$ 1,728,057</u>	<u>\$ 1,614,877</u>	<u>\$ 1,099,334</u>	<u>\$ 3,289,067</u>	<u>\$ 2,189,733</u>
Recapitulation:					
Reserve for Encumbrances				\$ 1,990,567	
Capital Reserve				151,104	
Maintenance Reserve				120,591	
Designated for Subsequent Year's Expenditures				750,735	
Unreserved/Undesignated				<u>276,070</u>	
				<u>3,289,067</u>	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				<u>(1,641,441)</u>	
Fund Balance per Governmental Funds GAAP				<u>\$ 1,647,626</u>	

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 815,182	\$ 796,179	\$ 1,611,361	\$ 1,463,284	\$ (148,077)
Total Revenues	815,182	796,179	1,611,361	1,463,284	(148,077)
EXPENDITURES:					
Instruction					
Salaries of Teachers	68,810	94,446	163,256	163,256	
Other Purchased Services	707,946	61,242	769,188	743,931	25,257
General Supplies		39,906	39,906	32,205	7,701
Total Instruction	776,756	195,594	972,350	939,392	32,958
Support Services					
Salaries of Other Professional Staff		332,549	332,549	332,549	
Personal Service - Employee Benefits	31,123	61,424	92,547	57,968	34,579
Purchased Professional - Technical Services	4,151	67,449	71,600	29,881	41,719
Other Purchased Services	2,000	(1,789)	211	211	
Supplies and Materials	1,152	38,352	39,504	6,765	32,739
Total Support Services	38,426	497,985	536,411	427,374	109,037
Facilities Acquisition and Construction Services:					
Instructional Equipment		37,600	37,600	32,000	5,600
Non-Instructional Equipment		65,000	65,000	64,518	482
Total Facilities Acquisition and Construction Services		102,600	102,600	96,518	6,082
Total Expenditures	815,182	796,179	1,611,361	1,463,284	148,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

JEFFERSON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 55,180,834	\$ 1,463,284
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the Budgetary Basis but not on the GAAP Basis		(269,707)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,616,151	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,641,441)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 55,155,544</u>	<u>\$ 1,193,577</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 54,236,575	\$ 1,463,284
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		<u>(269,707)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 54,236,575</u>	<u>\$ 1,193,577</u>

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

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Title II	No Child Left Behind Title II Carryover	Title IV	IDEA ARRA Preschool	IDEA ARRA Basic
REVENUE:					
Federal Sources	\$ 72,954	\$ 4,735	\$ 6,023	\$ 5,571	\$ 637,070
Total Revenue	<u>72,954</u>	<u>4,735</u>	<u>6,023</u>	<u>5,571</u>	<u>637,070</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	49,300				113,956
Other Purchased Services					7,000
General Supplies				4,632	27,573
Total Instruction	<u>49,300</u>			<u>4,632</u>	<u>148,529</u>
Support Services:					
Salaries of Other Professional Staff					332,549
Personal Service - Employee Benefit	19,729	4,735			33,504
Purchased Professional - Technical Services	3,081		5,000		21,800
Other Purchased Services	211				
Supplies and Materials	633		1,023	939	4,170
Total Support Services	<u>23,654</u>	<u>4,735</u>	<u>6,023</u>	<u>939</u>	<u>392,023</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					32,000
Non-Instructional Equipment					64,518
Total Facilities Acquisition and Construction Services					<u>96,518</u>
Total Expenditures	<u>\$ 72,954</u>	<u>\$ 4,735</u>	<u>\$ 6,023</u>	<u>\$ 5,571</u>	<u>\$ 637,070</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>IDEA Part B - Preschool</u>	<u>IDEA Part B - Preschool C/O</u>	<u>IDEA Part B - Basic</u>	<u>Total</u>
REVENUE:				
Federal Sources	\$ 26,824	\$ 1,925	\$ 708,182	\$ 1,463,284
Total Revenue	<u>26,824</u>	<u>1,925</u>	<u>708,182</u>	<u>1,463,284</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				163,256
Other Purchased Services	26,824	1,925	708,182	743,931
General Supplies				32,205
Total Instruction	<u>26,824</u>	<u>1,925</u>	<u>708,182</u>	<u>912,568</u>
Support Services:				
Salaries of Other Professional Staff				332,549
Personal Service - Employee Benefit				57,968
Purchased Professional - Technical Services				29,881
Other Purchased Services				211
Supplies and Materials				6,765
Total Support Services				<u>427,374</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment				32,000
Non-Instructional Equipment				64,518
Total Facilities Acquisition and Construction Services				<u>96,518</u>
Total Expenditures	<u>\$ 26,824</u>	<u>\$ 1,925</u>	<u>\$ 708,182</u>	<u>\$ 1,463,284</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOT APPLICABLE

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, 2010

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 113,805
Transfer from Capital Outlay	609,570
State Sources - SDA Grant	482,250
Interest on Capital Investments	<u>748</u>
Total Revenue and Other Financing Sources	<u>1,206,373</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	38,900
Construction Services	749,023
Equipment Purchases	<u>23,119</u>
Total Expenditures	811,042
Other Financing Uses:	
Transfer to Debt Service Fund	<u>(748)</u>
	(748)
Total Expenditures and Other Financing Uses	<u>811,790</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	394,583
Fund Balance - Beginning of Year	<u>96,546</u>
Fund Balance - End of Year	<u>\$ 491,129</u>
Recapitulation:	
Fund Balance Budgetary Basis	\$ 491,129
SDA Grant Receivable not Recognized on a GAAP Basis	<u>(934,024)</u>
Fund Balance GAAP Basis	<u>\$ (442,895)</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
RENOVATIONS AND ADDITIONS AT THE MIDDLE SCHOOL/HIGH SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Additional Project Information:

Project Number:	
Renovations and Additions at the Middle School/High School	SP # 202371
Grant Date	8/8/2002
Bonds Authorized Date	3/12/2002
Bonds Authorized	\$ 19,068,540
Bonds Issued	19,067,907
Original Authorized Cost	26,148,244
Revised Authorized Cost	26,147,611
Percentage Decrease over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	9/1/2004
Revised Target Completion Date	9/1/2010

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL/MIDDLE SCHOOL CONSUMER LIFE SCIENCE CONSTRUCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Additional Project Information:

Project Number:

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

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

PROPRIETARY FUNDS

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 138,218
Accounts Receivable:	
State Breakfast	155
State Lunch	855
Federal Breakfast	1,240
Federal Lunch	11,465
Federal Milk	254
Other Accounts Receivable	5,066

Total Current Assets	<u>157,253</u>
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Non-Current Assets:

Capital Assets	466,511
Less: Accumulated Depreciation	<u>(329,113)</u>

Total Non-Current Assets	<u>137,398</u>
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Total Assets	<u>294,651</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	15,885
Long Term Liabilities	
Accounts Payable - Vendors	<u>31,770</u>

Total Current Liabilities	<u>47,655</u>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	137,398
Unrestricted	<u>109,598</u>
Total Net Assets	<u>\$ 246,996</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 559,994
Daily Sales - Non-Reimbursable Programs	287,178
	<hr/>
Total Operating Revenue	847,172
	<hr/>
Operating Expenses:	
Cost of Sales	518,986
Salaries, Benefits & Payroll Taxes	376,578
Employee Benefits	133,982
Management Fee	147,490
Professional and Technical Services	26,190
Repairs and Supplies	1,770
Depreciation Expense	17,763
	<hr/>
Total Operating Expenses	1,222,759
	<hr/>
Operating (Loss)	(375,587)
	<hr/>
Non-Operating Income:	
State Sources	
State School Lunch Program	13,536
State School Breakfast Program	1,941
Federal Sources	
National School Lunch Program	177,495
National School Breakfast Program	15,671
Special Milk Program	4,003
Food Distribution Program	52,755
Food Service Company Guarantee	92,633
Interest Revenue	1,782
	<hr/>
Total Non-Operating Income	359,816
	<hr/>
Change in Net Assets	(15,771)
	<hr/>
Net Assets - Beginning of Year	262,767
	<hr/>
Net Assets - End of Year	\$ 246,996
	<hr/> <hr/>

Exhibit G-3

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 847,172
Payments to Employees/Benefits	(510,560)
Payments to Food Service Vendor	(147,490)
Payments to Suppliers	<u>(436,322)</u>
Net Cash (Used) for Operating Activities	<u>(247,200)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received Food Service Company - Guarantee	92,633
Cash Received from Federal and State Sources	<u>252,096</u>
Net Cash Provided by Noncapital Financing Activities	<u>344,729</u>
Cash Flows Provided by Investing Activities	
Interest Earned	<u>1,782</u>
Net Cash (Used) for Investing Activities	<u>1,782</u>
Net Increase in Cash and Cash Equivalents	99,311
Cash and Cash Equivalents, July 1	<u>38,907</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 138,218</u></u>
Reconciliation of Operating Loss to Net Cash (Used) for Operating Activities:	
Operating Loss	\$ (375,587)
Adjustment to Reconcile Operating income to Cash (Used) for Operating Activities:	
Depreciation	17,763
Federal Food Distribution Program	52,755
Changes in Assets and Liabilities:	
Decrease in Interfund Receivable	4,282
Decrease in Inventory	25,289
Increase in Accounts Payable	47,655
(Decrease) in Deferred Revenue	<u>(19,357)</u>
Net Cash (Used) for Operating Activities	<u><u>\$ (247,200)</u></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 \$52,755 for the fiscal year ended June 30, 2010.

FIDUCIARY FUNDS

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	Agency			Total	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
	Student Activity	Payroll	Summer Savings			
ASSETS:						
Cash and Cash Equivalents	\$ 206,778	\$ 309,159	\$ 482,206	\$ 998,143	\$ 222,443	\$ 56,937
Total Assets	<u>206,778</u>	<u>309,159</u>	<u>482,206</u>	<u>998,143</u>	<u>222,443</u>	<u>56,937</u>
LIABILITIES:						
Payroll Deductions and Withholdings Due to Student Groups	206,778	307,465	482,206	789,671		
Interfund Payable		1,694		206,778		
				<u>1,694</u>		
Total Liabilities	<u>206,778</u>	<u>309,159</u>	<u>482,206</u>	<u>998,143</u>		
NET ASSETS:						
Held in Trust for Unemployment Claims					222,443	
Reserved for Other Purposes						<u>56,937</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 222,443</u>	<u>\$ 56,937</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>
ADDITIONS:		
Contributions:		
District Contributions	\$ 309,684	
Plan Member	70,477	
Other		\$ 16,724
Total Contributions	<u>380,161</u>	<u>16,724</u>
Investment Earnings:		
Interest	<u>130</u>	<u>149</u>
Net Investment Earnings	<u>130</u>	<u>149</u>
Total Additions	<u>380,291</u>	<u>16,873</u>
DEDUCTIONS:		
Unemployment Compensation Claims	168,395	
Scholarships Awarded		7,575
Total Deductions	<u>168,395</u>	<u>7,575</u>
Change in Net Assets	211,896	9,298
Net Assets - Beginning of the Year	<u>10,547</u>	<u>47,639</u>
Net Assets - End of the Year	<u>\$ 222,443</u>	<u>\$ 56,937</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 204,535	\$ 720,965	\$ 718,722	\$ 206,778
Total Assets	<u>\$ 204,535</u>	<u>\$ 720,965</u>	<u>\$ 718,722</u>	<u>\$ 206,778</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 204,535	\$ 720,965	\$ 718,722	\$ 206,778
Total Liabilities	<u>\$ 204,535</u>	<u>\$ 720,965</u>	<u>\$ 718,722</u>	<u>\$ 206,778</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Elementary Schools:				
Drummond	\$ 1,106	\$ 1,636	\$ 2,037	\$ 705
Cozy Lake	2,165	9,937	8,548	3,554
Ellen T. Briggs	4,452	4,487	5,527	3,412
Milton	3,396	3,246	1,301	5,341
Stanlick	1,521	3,746	4,596	671
White Rock	3,286	24,447	20,191	7,542
Junior High School:				
Jefferson Middle School	94,145	283,246	278,988	98,403
Senior High School:				
Jefferson High School Activities	94,460	298,504	305,841	87,123
Athletic Account	4	91,716	91,693	27
Total	<u>\$ 204,535</u>	<u>\$ 720,965</u>	<u>\$ 718,722</u>	<u>\$ 206,778</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 256,375	\$ 34,433,500	\$ 34,380,716	\$ 309,159
Total Assets	<u>\$ 256,375</u>	<u>\$ 34,433,500</u>	<u>\$ 34,380,716</u>	<u>\$ 309,159</u>
 <u>LIABILITIES:</u>				
Net Payroll		\$ 20,948,683	\$ 20,948,683	
Payroll Deductions and Withholdings	\$ 254,681	13,484,817	13,432,033	\$ 307,465
Interfund Payable	<u>1,694</u>			<u>1,694</u>
Total Liabilities	<u>\$ 256,375</u>	<u>\$ 34,433,500</u>	<u>\$ 34,380,716</u>	<u>\$ 309,159</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2010		Interest Rate	Balance June 30, 2009	Matured	Balance June 30, 2010
			Date	Amount				
Improvements to School Facilities	9/15/2002	\$ 29,245,000	9/15/2010	\$ 890,000	3.500%	\$ 25,555,000	\$ 850,000	\$ 24,705,000
			9/15/2011	935,000	4.000%			
			9/15/2012	980,000	4.000%			
			9/15/2013	1,025,000	4.000%			
			9/15/2014	1,075,000	4.000%			
			9/15/2015	1,130,000	4.000%			
			9/15/2016	1,185,000	4.000%			
			9/15/2017	1,240,000	4.000%			
			9/15/2018	1,300,000	4.000%			
			9/15/2019	1,365,000	4.100%			
			9/15/2020	1,430,000	4.200%			
			9/15/2021	1,500,000	4.300%			
			9/15/2022	1,570,000	4.400%			
			9/15/2023	1,650,000	4.500%			
			9/15/2024	1,730,000	4.500%			
			9/15/2025	1,815,000	4.500%			
			9/15/2026	1,900,000	4.500%			
9/15/2027	1,985,000	4.500%						
School Refunding Bond Series - 2005	9/1/05	2,120,000	9/1/2010	120,000	4.000%	1,290,000	345,000	945,000
			9/1/2011	120,000	4.000%			
			9/1/2012	130,000	4.000%			
			9/1/2013	135,000	4.000%			
			9/1/2014	145,000	4.000%			
			9/1/2015	145,000	4.000%			
			9/1/2016	150,000	4.000%			
						<u>\$ 26,845,000</u>	<u>\$ 1,195,000</u>	<u>\$ 25,650,000</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, 2009</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2010</u>
2005-06 Various Equipment	6.209%	\$ 831,520	\$ 341,013		\$ 167,180	\$ 173,833
2006-07 Copier Equipment	Various	280,468	119,630		58,496	61,134
2009-10 Vehicles and Other Equipment	4.723%	890,525		\$ 890,525	187,798	702,727
			<u>\$ 460,643</u>	<u>\$ 890,525</u>	<u>\$ 413,474</u>	<u>\$ 937,694</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<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	\$ 2,165,609		\$ 2,165,609	\$ 2,165,609	
State Sources:					
Debt Service Type II Aid	128,851		128,851	128,851	
Total Revenue	<u>2,294,460</u>		<u>2,294,460</u>	<u>2,294,460</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,108,180		1,108,180	1,108,180	
Redemption of Principal	1,195,000		1,195,000	1,195,000	
Total Regular Debt Service	<u>2,303,180</u>		<u>2,303,180</u>	<u>2,303,180</u>	
Total Expenditures	<u>2,303,180</u>		<u>2,303,180</u>	<u>2,303,180</u>	
(Deficiency) of Revenues (Under) Expenditures	<u>(8,720)</u>		<u>(8,720)</u>	<u>(8,720)</u>	
OTHER FINANCING SOURCES:					
Transfer In - Capital Projects Fund				748	\$ 748
Total Other Financing Sources				<u>748</u>	<u>748</u>
Fund Balance, July 1	<u>9,792</u>		<u>9,792</u>	<u>9,792</u>	
Fund Balance, June 30	<u>\$ 1,072</u>	<u>\$ -0-</u>	<u>\$ 1,072</u>	<u>\$ 1,820</u>	<u>\$ 748</u>
<u>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</u>					
Designated for Subsequent Years Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,820</u>	<u>\$ -0-</u>

STATISTICAL SECTION

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,					
	2005	2006	2007	2008	2009	2010
Governmental Activities						
Invested in Capital Assets, Net of Related Debt	\$ 17,426,060	\$ 19,572,374	\$ 20,661,641	\$ 22,886,764	\$ 24,977,258	\$ 26,198,886
Restricted	3,182,778	1,567,802	1,969,595	598,710	557,191	1,821,187
Unrestricted/(Deficit)	(328,557)	(49,297)	(574,106)	(257,908)	(377,974)	(1,457,291)
Total Governmental Activities Net Assets	<u>\$ 20,280,281</u>	<u>\$ 21,090,879</u>	<u>\$ 22,057,130</u>	<u>\$ 23,227,566</u>	<u>\$ 25,156,475</u>	<u>\$ 26,562,782</u>
Business-type Activities						
Invested in Capital Assets, Net of Related Debt	\$ -	\$ 2,090	\$ 1,940	\$ 172,924	\$ 155,161	\$ 137,398
Unrestricted	(26,942)	61,907	130,734	110,255	107,606	109,598
Total Business-type Activities Net Assets	<u>\$ (26,942)</u>	<u>\$ 63,997</u>	<u>\$ 132,674</u>	<u>\$ 283,179</u>	<u>\$ 262,767</u>	<u>\$ 246,996</u>
District-wide						
Invested in Capital Assets, Net of Related Debt	\$ 17,426,060	\$ 19,574,464	\$ 20,663,581	\$ 23,059,688	\$ 25,132,419	\$ 26,336,284
Restricted	3,182,778	1,567,802	1,969,595	598,710	557,191	1,821,187
Unrestricted/(Deficit)	(355,499)	12,610	(443,372)	(147,653)	(270,368)	(1,347,693)
Total District Net Assets	<u>\$ 20,253,339</u>	<u>\$ 21,154,876</u>	<u>\$ 22,189,804</u>	<u>\$ 23,510,745</u>	<u>\$ 25,419,242</u>	<u>\$ 26,809,778</u>

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

Source: Jefferson School District Financial Reports

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

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

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

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

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

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

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

Source: Jefferson School District Financial Reports

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

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

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

Source: Jefferson School District Financial Reports

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

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

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

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

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

Source: Jefferson School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Rentals</u>	<u>Interest on</u> <u>Investments</u>	<u>Insurance</u> <u>Refund</u>	<u>Legal</u> <u>Settlement</u>	<u>Other</u> <u>Miscellaneous</u>	<u>Rebates/</u> <u>Refunds</u>	<u>Total</u>
2001		\$ 8,720	\$ 88,174	\$ 24,206		\$ 3,733	\$ 55,334	\$ 180,167
2002		1,120	68,666			11,648	52,207	133,641
2003			7,294	64,968		11,536	77,936	161,734
2004			21,482			10,999	4,943	37,424
2005	\$ 15,349		99,379			40,738	42,486	197,952
2006	52,541		161,859			16,033	68,933	299,366
2007	62,847		244,275			76,835	103,075	487,032
2008	78,795		164,368			11,203		254,366
2009	74,047		41,983	47,531	\$ 61,442	22,290	2,063	249,356
2010	48,653		32,741			52,263		133,657

Source: Jefferson Township School District records

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

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

* Revaluation became effective in this year.

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

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended December 31,	Jefferson School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Jefferson Township	Morris County	
2000	\$ 1.642	\$ 0.023	\$ 1.665	\$ 0.676	\$ 0.340	\$ 2.681
2001	1.733	0.023	1.756	0.745	0.349	2.850
2002	1.800	0.022	1.822	0.770	0.365	2.957
2003	1.850	0.159	2.009	0.831	0.393	3.233
2004	1.975	0.115	2.090	0.845	0.426	3.361
2005	2.071	0.157	2.228	0.797	0.455	3.480
2006*	0.938	0.073	1.011	0.371	0.210	1.592
2007	0.985	0.064	1.049	0.488	0.225	1.762
2008	1.019	0.065	1.084	0.529	0.232	1.845
2009	1.066	0.067	1.133	0.484	0.225	1.842

* - Property revaluation effective in this year.

Source: Municipal Tax Collector and School Business Administrator

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2009		Taxpayer	2000	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Newark Watershed Conservation	\$ 22,281,400	0.69%	City of Newark	\$ 10,498,300	0.93%
Kite New Jersey, LLC	17,927,700	0.55%	Gelormino Associates	5,630,900	0.50%
Sebastian/Parsippany, LP	7,488,700	0.23%	Baker Firestone	3,359,400	0.30%
Gelormino Associates	7,184,600	0.22%	Fifteen South Plaza	3,288,600	0.29%
Seneca Gardens, LLC	6,714,900	0.21%	K. Hovnanian at Jefferson	3,198,500	0.28%
Fifteen South Plaza	6,692,400	0.21%	Bowling Green Golf Club, Inc.	2,838,700	0.25%
Bowling Green Golf Club, Inc	5,245,800	0.16%	Jefferson Properties Investors	2,782,000	0.25%
Verizon - NJ Property Tax Department	4,824,483	0.15%	Individual Taxpayer #1	1,674,000	0.15%
Individual Taxpayer #1	4,322,100	0.13%	Individual Taxpayer #2	1,638,900	0.15%
Individual Taxpayer #2	3,306,800	0.10%	Wilshire Oil	1,496,600	0.13%
Total	<u>\$ 85,988,883</u>	<u>2.65%</u>		<u>\$ 36,405,900</u>	<u>3.23%</u>

Note: Individual Taxpayers listed may be different in 2009 and 2000

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	
2001	\$ 20,807,690	\$ 20,807,690	100.00%	-0-
2002	22,114,120	22,114,120	100.00%	-0-
2003	23,157,129	23,157,129	100.00%	-0-
2004	27,406,966	27,406,966	100.00%	-0-
2005	29,849,442	29,849,442	100.00%	-0-
2006	31,448,900	31,448,900	100.00%	-0-
2007	33,653,194	33,653,194	100.00%	-0-
2008	34,448,598	34,448,598	100.00%	-0-
2009	35,765,995	35,765,995	100.00%	-0-
2010	36,835,097	36,835,097	100.00%	-0-

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2001	\$ 3,442,000		\$ 1,165,613	\$ 4,607,613	0.42%	\$ 234.42
2002	3,212,000		1,124,240	4,336,240	0.39%	217.81
2003	32,222,000		952,242	33,174,242	2.87%	1,613.22
2004	31,972,000		1,059,749	33,031,749	2.58%	1,554.73
2005	31,037,000		1,856,273	32,893,273	2.44%	1,524.18
2006	30,085,000		1,258,489	31,343,489	2.28%	1,427.10
2007	29,065,000		1,725,004	30,133,584	2.19%	1,372.02
2008	27,995,000		1,087,396	29,082,396	1.88%	1,352.61
2009	26,845,000		677,795	27,522,795	1.77%	1,276.98
2010	25,650,000		937,694	26,587,694	1.71%	1,233.60

Source: Jefferson School District Financial Reports

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Exhibit J-11

JEFFERSON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2001	\$ 3,442,000		\$ 3,442,000	0.31%	\$ 174.49
2002	3,212,000		3,212,000	0.29%	163.42
2003	32,222,000		32,222,000	0.26%	1,618.55
2004	31,972,000		31,972,000	2.59%	1,554.76
2005	31,037,000		31,037,000	2.29%	1,460.84
2006	30,085,000		30,085,000	2.17%	1,394.05
2007	29,065,000		29,065,000	0.91%	1,323.36
2008	27,995,000		27,995,000	0.87%	1,302.03
2009	26,845,000		26,845,000	0.83%	1,245.53
2010	25,650,000		25,650,000	0.79%	1,190.09

N/A : Information Not Available

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 Population data can be found in Exhibit J-14.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2009
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	\$ 15,082,706	100.00%	\$ 15,082,706
Morris County General Obligation Debt	255,031,540	3.09%	<u>7,892,816</u>
Subtotal, overlapping debt			22,975,522
Jefferson Township School District Direct Debt			<u>26,587,694</u>
Total direct and overlapping debt			<u>\$ 49,563,216</u>

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

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2010

	Equalized valuation basis
2009	\$ 3,140,013,215
2008	3,206,496,237
2007	<u>3,197,109,571</u>
	<u>\$ 9,543,619,023</u>
Average equalized valuation of taxable property	\$ 3,181,206,341
Debt limit (4% of average equalization value)	127,248,254 ^a
Net bonded school debt	<u>25,650,000</u>
Legal debt margin	<u>\$ 101,598,254</u>

	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 51,894,985	\$ 55,327,792	\$ 60,232,051	\$ 68,197,367	\$ 78,805,583	\$ 91,967,453	\$ 106,006,041	\$ 118,045,804	\$ 125,618,011	\$ 127,248,254
Total net debt applicable to limit	<u>3,422,000</u>	<u>3,212,000</u>	<u>32,222,000</u>	<u>31,972,000</u>	<u>31,037,000</u>	<u>30,085,000</u>	<u>29,065,000</u>	<u>27,995,000</u>	<u>26,845,000</u>	<u>25,650,000</u>
Legal debt margin	<u>\$ 48,472,985</u>	<u>\$ 52,115,792</u>	<u>\$ 28,010,051</u>	<u>\$ 36,225,367</u>	<u>\$ 47,768,583</u>	<u>\$ 61,882,453</u>	<u>\$ 76,941,041</u>	<u>\$ 90,050,804</u>	<u>\$ 98,773,011</u>	<u>\$ 101,598,254</u>
Total net debt applicable to the limit as a percentage of debt limit	6.59%	5.81%	53.50%	46.88%	39.38%	32.71%	27.42%	23.72%	21.37%	20.16%

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

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

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

Year	Township Population ^a	Township Personal Income ^b	Morris County Per Capita Personal Income ^c	Township Unemployment Rate ^d
2001	19,609	\$ 1,111,300,857	\$ 56,673	2.40%
2002	19,804	1,119,619,140	56,535	3.80%
2003	20,408	1,163,623,344	57,018	3.70%
2004	21,027	1,284,770,727	61,101	3.00%
2005	21,286	1,347,339,942	63,297	3.30%
2006	21,495	1,469,484,180	68,364	3.40%
2007	21,443	1,528,885,900	71,300	3.10%
2008	21,501	1,544,029,812	71,812	4.00%
2009	21,553	1,554,666,127	71,812 *	6.90%
2010	21,553 **	1,554,666,127	71,812 *	N/A

* - Latest Morris County per capita personal income available (2008) was used for calculation purposes.

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

N/A - Information Unavailable

Source:

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

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

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

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

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

Employer	2009		Employer	2000	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Atlantic Health System	6,300	N/A			
U.S. Army Armament Research and Development	3,575	N/A			
Novartis	3,573	N/A			
Saint Claire's Health System	2,342	N/A			Information Not Available
County of Morris	2,126	N/A			
ADP	2,019	N/A			
United Parcel Service	1,941	N/A			
AT&T	1,500	N/A			
Honeywell	1,500	N/A			
Wyndham Worldwide	1,395	N/A			
	<u>26,271</u>	<u>N/A</u>			

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

Source: Morris County Treasurer's Office.

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

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

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

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

Source: District Personnel Records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST SIX FISCAL YEARS
UNAUDITED

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

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

Sources: Washington 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 SIX FISCAL YEARS

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Ellen T. Briggs School (1955)						
Square Feet	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
Enrollment	380	251	258	261	256	256
Cozy Lake School (1962)						
Square Feet	35,776	35,776	35,776	35,776	35,776	35,776
Capacity (students)	286.21	286.21	286.21	286.21	286.21	286.21
Enrollment	276	308	288	283	280	280
Drummond School (1950)						
Square Feet	12,144	12,144	12,144	12,144	12,144	12,144
Capacity (students)	97.15	97.15	97.15	97.15	97.15	97.15
Enrollment	104	117	109	121	131	131
Milton School (1950)						
Square Feet	22,052	22,052	22,052	22,052	22,052	22,052
Capacity (students)	176.42	176.42	176.42	176.42	176.42	176.42
Enrollment	204	193	176	203	179	179
Stanlick School (1962)						
Square Feet	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
Enrollment	367	363	380	363	388	388
White Rock School (1969)						
Square Feet	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
Enrollment	484	452	424	415	439	439
Middle School (1969)						
Square Feet	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
Enrollment	905	905	877	866	825	825
High School (1962)						
Square Feet	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
Enrollment	1,006	1,059	1,110	1,113	1,108	1,108
Other						
Administration Building						
Square Feet	4,846	4,846	4,846	4,846	4,846	4,846
Transportation						
Square Feet	400	400	400	400	400	400
Maintenance Offices						
Square Feet	2,500	2,500	2,500	2,500	2,500	2,500
Number of Schools at June 30, 2010						
Elementary = 6						
Middle School = 1						
High School = 1						
Other = 2						

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

Source: Jefferson Township School District Facilities Office

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

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

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

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

This schedule does not provide ten years of information as the State Department of Education required the information beginning with the fiscal year ended June 30, 2002.

Source: Jefferson Township School District records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2010
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Selective Way:		
Property blanket building and contents replacement cost value	\$ 102,367,157	\$ 2,500
Zurich American:		
Storage tank system third party liability and cleanup policy		
Each occurrence	1,000,000	5,000
Annual aggregate	2,000,000	
Selective Way:		
General Liability		
Each Occurrence	1,000,000	
General Aggregate	3,000,000	
Prod/Completed Operating	3,000,000	
Personal Injury	1,000,000	
Fire Damage	100,000	
Medical Expense Limit (Excluding students)	5,000	
Employee Benefit Liability	1,000,000	1,000
Aggregate	3,000,000	
Selective Way		
Automotive Coverage		
Combined Single Limit	1,000,000	
Hired/Non-Owned	1,000,000	
Uninsured & Underinsured	1,000,000	500
Each Accident	1,000,000	
Hired Automotive Physical Damage	40,000	
Selective Way		
Inland Marine		
Electronic Data Processing Equipment	1,674,316	
Property in Transit	161,231	500
Miscellaneous School Equipment	500,000	500
Miscellaneous Musical Instruments	500,000	500
Cameras - Miscellaneous	50,000	500
Fine Arts Unschedule 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, 2010
UNAUDITED

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

SINGLE AUDIT SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Jefferson Township School District, in the County of Morris (the "Board") as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

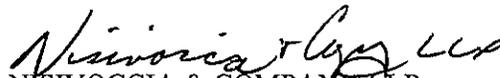
The Honorable President and Members
of the Board of Education
Jefferson Township School District
Page 2

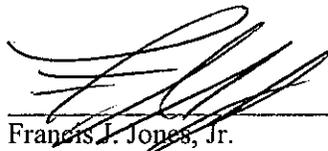
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Department. However, we noted certain matters that we reported to management in the separate *Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance* dated November 12, 2010.

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

November 12, 2010
Mount Arlington, New Jersey


NISIVOCCIA & COMPANY LLP



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



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

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

Compliance

We have audited the compliance of the Board of Education of the Jefferson Township School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

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

Internal Control Over Compliance

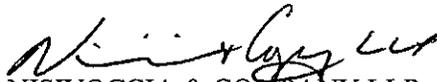
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and/or state programs. In planning and performing our audit, we considered the Board's internal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

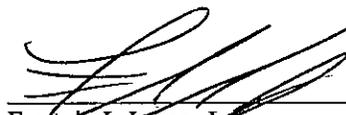
A deficiency in internal control, over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

November 12, 2010
Mount Arlington, New Jersey


NISIVOCCIA & COMPANY LLP


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

**JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Deferred Revenue/(Accounts Receivable) 6/30/09	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	Balance 6/30/10		Due to Grantor 6/30/10
										Accounts Receivable	Deferred Revenue	
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/09-6/30/10	\$ 52,755			\$ 52,755	\$ (52,755)				
Federal Food Distribution Program	10.555	N/A	7/1/08-6/30/09	34,649	\$ 19,358			(19,358)				
Total Food Distribution Program					19,358		52,755	(72,113)				
School Breakfast Program	10.555	N/A	7/1/09-6/30/10	15,671			14,431	(15,671)		\$ (1,240)		
School Breakfast Program	10.555	N/A	7/1/08-6/30/09	15,410	(4,997)		4,997					
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	177,495			166,030	(177,495)		(11,465)		
National School Lunch Program	10.555	N/A	7/1/08-6/30/09	146,536	(42,708)		42,708					
Special Milk Program	10.556	N/A	7/1/09-6/30/10	4,003			3,749	(4,003)		(254)		
Special Milk Program	10.556	N/A	7/1/08-6/30/09	5,183	(1,406)		1,406					
Total Child Nutrition Cluster					(49,111)		233,321	(197,169)		(12,959)		
Total U.S. Department of Agriculture					(29,753)		286,076	(269,282)		(12,959)		
U.S. Department of Education Passed-through State Department of Education:												
General Fund:												
Medical Assistance Program (SEMI)	93.778	N/A	7/1/09-6/30/10	19,450			19,450	(19,450)				
American Recovery and Reinvestment Act:												
Equalization Aid - ESF	84.394	N/A	7/1/09-6/30/10	2,208,261			2,208,261	(2,208,261)				
Equalization Aid - GSF	84.397	N/A	7/1/09-6/30/10	85,485			85,485	(85,485)				
Total General Fund							2,313,196	(2,313,196)				
Special Revenue Fund:												
No Child Left Behind Consolidated Grant:												
Title IIA	84.278A	NCLB552010	9/1/09-8/31/10	72,954			39,914	(72,954)		(33,040)		
Title IIA - Carryover	84.278A	NCLB552009	9/1/08-8/31/10	70,026	(65,291)		70,026	(4,735)				
Total Title IIA					(65,291)		109,940	(77,689)		(33,040)		
Title IV	84.186A	NCLB552010	9/1/09-8/31/10	6,023			6,023	(6,023)				
Title IV	84.186A	NCLB552009	9/1/08-8/31/09	6,218	(6,218)		6,218					
Total Title IV					(6,218)		12,241	(6,023)				
Special Education Cluster:												
I.D.E.A. Part B, Preschool	84.173	FT-5520-10	9/1/09-8/31/10	31,006			13,642	(26,824)		(13,182)		
I.D.E.A. Part B, Preschool - Carryover	84.173	FT-5520-09	9/1/08-8/31/10	30,992	(9,557)		11,482	(1,925)				
I.D.E.A. Preschool ARRA	84.392	ARRA-5520-10	7/1/09-8/31/11	27,680			5,571	(5,571)				
I.D.E.A. Part B, Basic ARRA	84.391	ARRA-5520-10	7/1/09-8/31/11	765,516			338,069	(637,070)		(299,001)		
I.D.E.A. Part B, Basic	84.027	FT-5520-10	9/1/09-8/31/10	708,182			592,240	(708,182)		(115,942)		
I.D.E.A. Part B, Basic - Carryover	84.027	FT-5520-09	9/1/08-8/31/10	707,946	(186,648)		186,648					
Total Special Education Cluster					(196,205)		1,147,652	(1,379,572)		(428,125)		
Total Special Revenue Fund/U.S. Department of Education					(267,714)		1,269,833	(1,463,284)		(461,165)		
Total Federal Awards					<u>\$(297,467)</u>	<u>\$ -0-</u>	<u>#####</u>	<u>\$ (4,045,762)</u>	<u>\$ -0-</u>	<u>\$(474,124)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

N/A: Not Available

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

**JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance 6/30/10		Memo		
				Balance (Accounts Receivable) 06/30/09				GAAP (Accounts Receivable)	Budgetary Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures	
General Fund												
NJ Department of Education:												
Equalization Aid	09-495-034-5120-078	7/1/08 - 6/30/09	\$ 12,895,595	\$ (1,261,865)		\$ 1,261,865					\$ 12,895,595	
Transportation Aid	09-495-034-5120-014	7/1/08 - 6/30/09	1,321,062	(129,269)		129,269					1,321,062	
Special Education Aid	09-495-034-5120-089	7/1/08 - 6/30/09	2,017,692	(197,436)		197,436					2,017,692	
Security Aid	09-495-034-5120-084	7/1/08 - 6/30/09	281,868	(27,581)		27,581					281,868	
Non-Public Transportation Aid	09-495-034-5120-063	7/1/08 - 6/30/09	23,654	(23,654)		23,654					23,654	
Extraordinary Aid	09-100-034-5120-473	7/1/08 - 6/30/09	333,217	(333,217)		333,217					333,217	
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/08 - 6/30/09	1,768,370	(88,866)		88,866					1,768,370	
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	10,347,728			9,066,117	\$ (10,347,728)			\$ 1,281,611	10,347,728	
Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	1,685,471			1,554,179	(1,685,471)			131,292	1,685,471	
Special Education Aid	10-495-034-5120-089	7/1/09 - 6/30/10	2,075,647			1,875,122	(2,075,647)			200,525	2,075,647	
Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	218,454			190,441	(218,454)			28,013	218,454	
Extraordinary Aid	10-100-034-5120-473	7/1/09 - 6/30/10	369,215				(369,215)	\$ (369,215)		369,215	369,215	
Nonpublic Transportation Aid	10-495-034-5120-005	7/1/09 - 6/30/10	27,724				(27,724)	(27,724)		27,724	27,724	
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09 - 6/30/10	1,758,037			1,671,096	(1,758,037)	(86,941)		86,941	1,758,037	
Total General Fund State Aid				(2,061,888)		16,418,843	(16,482,276)	(483,880)		2,125,321	35,123,734	
New Jersey Department of Agriculture:												
Food Service Fund:												
School Lunch Program - State	10-100-010-3350-023	7/1/09 - 6/30/10	13,536			12,681	(13,536)	(855)		855	13,536	
School Lunch Program - State	09-100-010-3350-023	7/1/08 - 6/30/09	12,695	(3,602)		3,602					12,695	
School Breakfast Program - State	10-100-010-3350-021	7/1/09 - 6/30/10	1,941			1,786	(1,941)	(155)		155	1,941	
School Breakfast Program - State	09-100-010-3350-023	7/1/08 - 6/30/09	2,135	(707)		707					2,135	
Total NJ Department of Agriculture				(4,309)		18,776	(15,477)	(1,010)		1,010	30,307	
Debt Service Fund:												
Debt Service Type II Aid	09-100-034-5120-125	7/1/09 - 6/30/10	128,851			128,851	(128,851)				131,728	
Total Debt Service Fund						128,851	(128,851)				131,728	
NJ Schools Development Authority:												
Capital Projects Fund:												
NJSDA Grant	SP # 202371	N/A	7,079,704	(451,774)				(451,774)		451,744	7,079,704	
NJSDA Grant	2380-040-09-1001; 2380-040-09-1002; 2380-040-09-1003	N/A	482,250				(482,250)	(482,250)		482,250	482,250	
Total NJ Schools Development Authority				(451,774)			(482,250)	(934,024)		933,994	7,561,954	
Total State Awards				\$ (2,517,971)	\$ -0-	\$ 16,566,470	\$ (17,108,854)	\$ (1,418,914)	\$ -0-	\$ 3,060,325	\$ 42,847,723	

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, 2010

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include federal and state awards activity of the Board of Education, Jefferson Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting for the governmental funds. The enterprise fund is presented on a GAAP basis. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-profit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(25,290) for the general and (\$269,707) for the special revenue fund and \$934,024 for the capital projects fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards does not include the on-behalf TPAF Non Contributory Group Insurance and Post Retirement Contributions of \$79,985 and \$1,502,232 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page:

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 2,313,196	\$ 18,039,203	\$20,352,399
Special Revenue Fund	1,193,577		1,193,577
Debt Service Fund		128,851	128,851
Enterprise Fund - Food Service	<u>269,282</u>	<u>15,477</u>	<u>284,759</u>
Total Awards	<u>\$ 3,776,055</u>	<u>\$18,183,531</u>	<u>\$21,959,586</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has been awarded grants in the amounts of \$7,079,704 and \$482,250 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act for renovations and additions to the Middle School/High School and consumer life science construction at the Middle School/High School, respectively. As of June 30, 2010, \$451,774 and \$482,250 has been expended, submitted for reimbursement, and is receivable both on a budgetary and GAAP basis.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2010. Revenue and expenditures reported under the Food Distribution program represent current year value received and current year distributions respectively.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

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

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	\$10,347,728	\$10,347,728
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	1,685,471	1,685,471
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	2,075,647	2,075,647
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	218,454	218,454
 <u>Federal:</u>				
Special Education Cluster				
I.D.E.A. Part B - Preschool	84.173	9/1/09-8/31/10	31,006	31,006
I.D.E.A. Part B - Preschool - Carryover	84.173	9/1/08-8/31/10	30,992	1,925
I.D.E.A. Part B - Basic	84.027	7/1/09-8/31/10	765,516	765,516
I.D.E.A. Part B - Basic ARRA	84.391	7/1/09-8/31/11	637,070	637,070
I.D.E.A. - Preschool ARRA	84.391	7/1/09-8/31/11	27,680	5,571
Equalization Aid - ESF	84.394	7/1/09-6/30/10	2,208,261	2,208,261
Equalization Aid - GSF	84.397	9/1/09-6/30/10	85,485	85,485

- The threshold for distinguishing Type A and Type B programs was \$300,000 for federal programs and \$513,266 for state programs.
- The District qualified as a "low-risk" auditee for state programs under the provision of section 530 of the federal Circular. However, the District did not qualify as a "low-risk" auditee for federal programs under the provisions of section 530 of the federal Circular.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circular NJOMB 04-04.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

The District had no prior year audit findings.