

Comprehensive Annual Financial Report

of the

Township of Colts Neck School District

County of Monmouth

Colts Neck, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

**Colts Neck Township, Board of Education
Finance Department**

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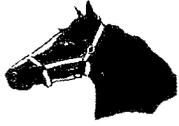
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INTRODUCTORY SECTION



Colts Neck Township Schools
70 Conover Road, Colts Neck, New Jersey 07722

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Interim Superintendent
Business Administrator/
Board Secretary
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Ext. 4101

Susan C. Ladd
Director
Curriculum and
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732-946-0055
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November 22, 2011

Honorable President and
Members of the Board of Education
Colts Neck Township
Monmouth County, New Jersey

Dear Board Members:

The comprehensive annual financial of the Colts Neck Township School District for the fiscal year ended June 30, 2011, 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 Board of Education (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 financial position and results of operations of the various funds and account groups 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 ordeals. The financial section includes the general-purpose financial statements and schedules, as well as the auditors report thereon. The statistical section includes selected financial and demographic information, 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 of 1984 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** Colts Neck Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Colts Neck Township Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and preschool handicapped classes. The District completed the 2010-11 fiscal year with an enrollment of 1223 students, which is 82 students below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Honorable President and
Members of the Board of Education
November 22, 2011

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	1216	-6.8%
2009-10	1304	-3.4%
2008-09	1350	-1.8%
2007-08	1374	-4.8%
2006-07	1443	-2.5%
2005-06	1480	-2.3%
2004-05	1511	-1.6%
2003-04	1535	1.1%
2002-03	1518	3.6%
2001-02	1465	1.95%

Enrollment based on October 15th count

2) **ECONOMIC CONDITIONS AND OUTLOOK** The Colts Neck Township Public School System is located in the east central part of Monmouth County. The township covers 32 square miles and has a population of approximately 12,000 who reside mainly in single-family homes and are above average socio-economically. The community also has a Mt. Laurel development, which had resulted in growth in enrollment in the community schools.

The school system is Pre-K-8 with three schools and an administration building. The total resident student population, June 30, 2011, was 1223 and is expected to decrease to 1181 for the 2012-13 school year: a difference of 42 less students. Since 2001-02 the student enrollment has decreased in the district by almost seventeen percent (17%). In order to better understand the population changes in the community, the Board of Education had commissioned three professional demographic studies during this period. These studies used the basic cohort survival projection methodology to make informed assumptions about population changes within the school community and their impact on enrollment.

For the 2011-12 school year, the cost per student is projected to be \$15,302. This district's per pupil expenditure is more than the State averages of \$12,681. In a world where prices keep rising and the implementation of S1701, A-4, and Chapter 78, the Board of Education has been able to reduce costs.

3) **MAJOR INITIATIVES:** The Colts Neck Township Board of Education takes pride in its effort to provide the children of the township a quality education which will give them the opportunity to reach their highest level of scholastic achievement. The district offers a balanced and comprehensive curriculum that strives to meet the educational and developmental needs of the students Pre-K-8. Reading and Writing Workshop, which is used in all grades, helps our students to see the important connections that exist among reading, language arts and writing. Our mathematics program places a heavy emphasis on problem-solving, which is in line with the standards set by the National Council of Teachers of Mathematics. In science, our students are actively involved in hands-on experiences that develop the higher thinking levels of analysis, synthesis and evaluation. We are also proud of our strong related arts program that links

computer programs, art, music, library, health and physical education with classroom learning.

Annually, the State requires the district to assess the progress of students in language arts, reading, mathematics and science. The percentage of students in our school who met the state standards in 2010-11 compared with the state averages are as follows:

I. Fourth Grade/ASK-4

	2010-11 Advanced & Proficient	2010-11 Advanced & Proficient	2009-10 Advanced & Proficient	2009-10 Advanced & Proficient
	Colts Neck	State	Colts Neck	State
Language Arts	78.2	62.7	78.9	59.6
Mathematics	93.3	79.3	85.9	77.0
Science	94.1	90.0	96.5	93.4

II. Eighth Grade NJASK

Language Arts	95.9	82.2	91.4	82.5
Mathematics	87.8	71.5	83.1	68.5
Science	95.9	81.2	93.5	82.9

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District is 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 structure 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 costs and benefits require estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance 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 project funds. 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 commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances, June 30, 2011.

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

7) **DEBT ADMINISTRATION:** At June 30, 2011, the District's outstanding debt issues included \$18,780,000 of general obligation bonds.

8) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted 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. 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 carried various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

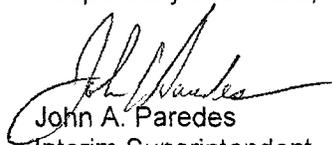
A) **Independent Audit -** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Suplee Clooney & Company. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Honorable President and
Members of the Board of Education
November 22, 2011

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Colts Neck Township Board of Education 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 Business Office personnel.

Respectfully submitted,



John A. Paredes
Interim Superintendent
School Business Administrator/Board Secretary

COLTS NECK TOWNSHIP BOARD OF EDUCATION

Colts Neck, New Jersey

ROSTER OF OFFICIALS

June 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Nancy LoCascio, President	2013
Fred Garber, Vice President	2014
Gregory Beriont	2012
Christine Gold	2012
Kathryn Gizzo	2014
Eric Greenberg	2013
Dr. Kimberly Raymond	2012
Irene Sessa	2014
Michelle Sidisin-Tan	2013

Other Officials

Ross Kasun, Ed.D, Superintendent

John A. Paredes, Business Administrator/Board Secretary

John Antonides, Treasurer

**COLTS NECK TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Suplee, Clooney, and Company
308 East Broad Street
Westfield, New Jersey 07090-2122

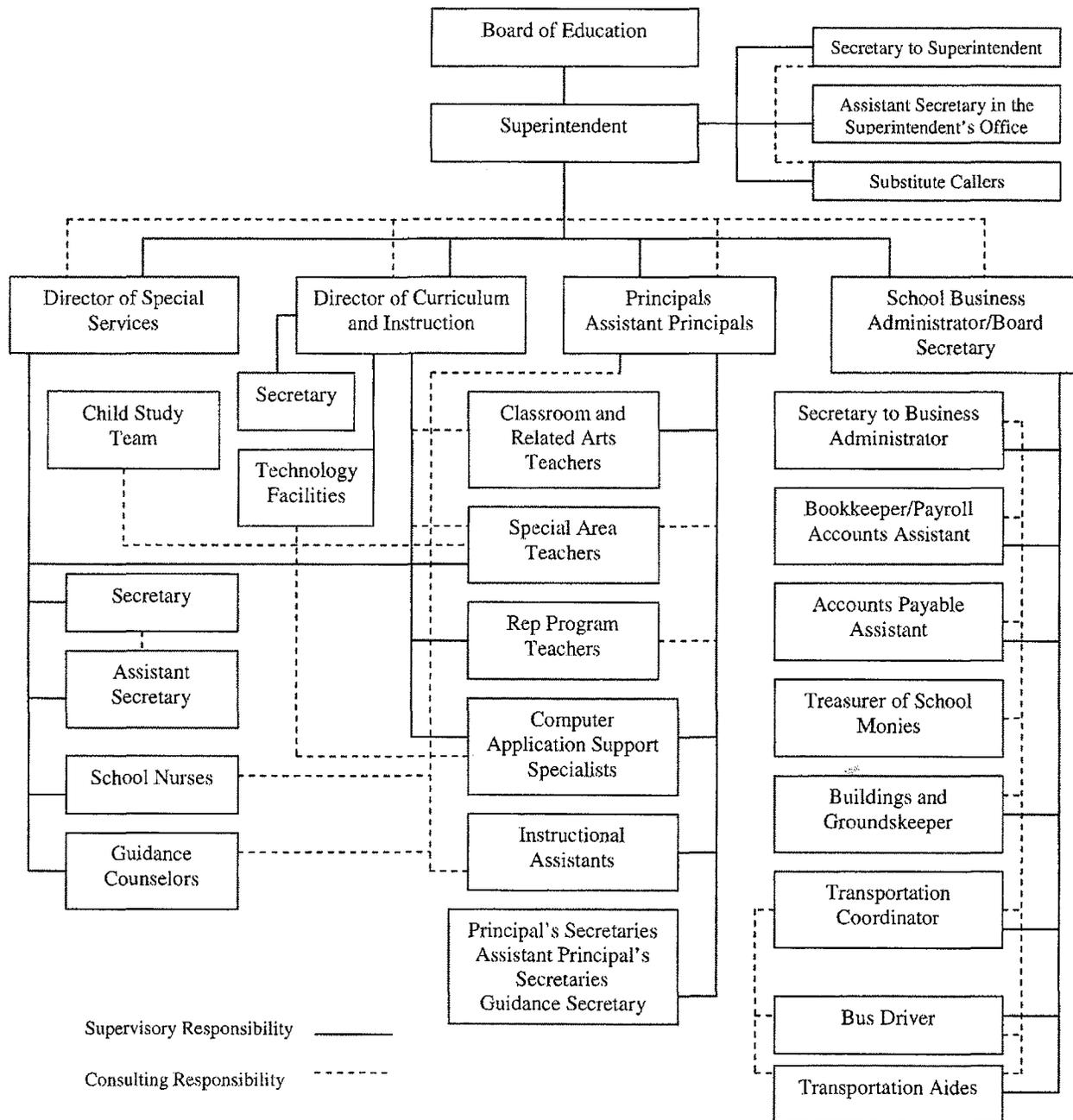
Attorney

Kenney, Gross, Kovats & Parton
130 Maple Avenue
Red Bank, NJ 07701

Official Depository

PNC Bank, NA
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Colts Neck, NJ 07722

ADMINISTRATION
1110/page 2 of 2
Organizational Chart



Adopted: 6 May 2009



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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of Colts Neck School District
County of Monmouth
Colts Neck, New Jersey 07722

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 Township of Colts Neck School District, County of Monmouth, New Jersey as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the provisions of U. S. Office of Management and Budget (OMB) Circular A-133 "Audits of State, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Colts Neck School District, County of Monmouth, New Jersey as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2011 on our consideration of the Township of Colts Neck School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Management's Discussion and Analysis and the required supplementary information, as listed in the foregoing table of contents, respectively, are not a required part of the basic financial statements but are supplementary information required by the U.S. generally accepted accounting principles. 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 Township of Colts Neck School District's basic financial statements. The introductory section, combining and individual fund schedules and statements, other schedules, statistical tables and the schedules of expenditures of federal awards and state financial assistance as listed in the table of contents 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 Non-Profit Organizations"; New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and State of New Jersey, Department of Education, Division of Finance and are not a required part of the basic financial statements of the Township of Colts Neck School District, County of Monmouth, New Jersey. Such information, except for the introductory section and that portion marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

November 22, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**COLTS NECK TOWNSHIP BOARD OF EDUCATION
COLTS NECK, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of Colts Neck Township Board of Education District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34- Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999.

Financial Highlights

Key financial highlights for 2011 were as follows:

- In total, net assets increased \$560,577.94 which represents a 3.91% percent increase from 2010.
- General revenues accounted for \$22,362,410.90 of revenue or 90% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2,438,596.07 or 10% of all revenues. Capital assets decreased by \$953,701.30.
- The School District had \$24,420,429.03 in expenses; only \$2,438,596.07 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily tax levy and tuition) of \$22,362,410.90 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$22,259,295.37 in revenues and \$21,566,701.59 in expenditures. The General Fund's fund balance increased \$692,593.78 from 2010.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Colts Neck Township Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Using this Comprehensive Annual Financial Report (CAFR) (Continued)

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Colts Neck Township Board of Education, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

State of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector business. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Government activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service, Kindergarten Complement Program and Preschool Tuition Program enterprise funds are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School District as a Whole

Recall that the statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2011 and 2010.

ASSETS	<u>2011</u>	<u>2010</u>
Current & Other Assets	\$2,828,132.67	\$2,203,156.61
Capital Assets	32,258,493.01	33,219,187.20
TOTAL ASSETS	<u>35,086,625.68</u>	<u>35,422,343.81</u>
LIABILITIES		
Long-Term Liabilities	18,562,651.34	19,449,364.31
Other Liabilities	1,639,089.49	1,648,672.59
TOTAL LIABILITIES	<u>20,201,740.83</u>	<u>21,098,036.90</u>
NET ASSETS		
Invested in capital assets, net of related debt	13,261,173.70	13,362,483.09
Restricted	360,286.65	321,188.42
Unrestricted	1,263,424.50	640,635.40
TOTAL NET ASSETS	<u>\$ 14,884,884.85</u>	<u>\$ 14,324,306.91</u>

The District's combined net assets were \$14,884,884.85 on June 30, 2011. This was an increase of 3.91% percent from the prior year.

Table 2 shows changes in net assets for fiscal years 2011 and 2010.

TABLE 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Revenues		
Program Revenues		
Charges for Services	\$576,232.88	\$611,148.00
Operating Grants & Contributions	1,862,363.19	2,126,878.69
General Revenues		
Property Taxes	20,761,437.00	20,449,238.00
Grants (includes State Aid)		
& Entitlements	1,522,168.53	2,090,869.00
Other Revenues	78,805.37	131,677.96
	<u>24,801,006.97</u>	<u>25,409,811.65</u>
Expenses:		
Instruction	12,033,656.63	12,438,688.15
Pupils and Instructional Staff	4,060,053.23	4,313,927.63
General and School Administration,		
Central Services and Administrative Tech.	2,173,472.09	2,278,829.05
Maintenance	2,406,767.05	2,595,407.26
Transportation	2,013,016.41	2,213,768.48
Interest on Long-Term Debt	934,879.09	905,287.11
Other	6,437.82	6,437.83
Business-Type	612,146.71	634,472.27
Total Expenses	<u>24,240,429.03</u>	<u>25,386,817.78</u>
Change in Assets	560,577.94	22,993.87
Net Assets July 1,	<u>14,324,306.91</u>	<u>14,301,313.04</u>
Net Assets June 30,	<u>\$14,884,884.85</u>	<u>\$14,324,306.91</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 86% percent of revenues for governmental activities for the Colts Neck Township Board of Education for fiscal year 2011.

Instruction comprises 47% percent of district expenses. Support Services expenses make up 43% percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

TABLE 3
Net Cost of Services

	Total Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2011</u>	Net Cost of Services <u>2010</u>
Instruction	\$12,033,656.63	\$12,438,688.15	\$12,001,971.96	\$12,407,494.01
Pupils and Instructional Staff General & School Administration, Central Services &	4,060,053.23	4,313,927.63	3,169,267.09	3,756,767.62
Administrative Technology	2,173,472.09	2,278,829.05	2,014,756.62	1,528,875.55
Maintainence	2,406,767.05	2,595,407.26	2,105,105.46	2,298,415.90
Transportation	2,013,016.41	2,213,768.48	1,647,985.44	1,854,388.81
Interest on Long-Term Debt	934,879.09	905,287.11	865,481.09	821,550.11
Business-Type	612,146.71	634,472.27	(9,172.52)	(25,138.74)
Other	6,437.82	6,437.83	6,437.82	6,437.83
Total Expenses	<u>\$24,240,429.03</u>	<u>\$25,386,817.78</u>	<u>\$21,801,832.96</u>	<u>\$22,648,791.09</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, School administration, Central services and Administrative technology include expenses associated with administrative and financial supervision of the district.

Operation and maintenance of facilities activities involve keeping the school grounds, building and equipment in an effective condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the school district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the school district.

The dependence upon tax revenues is apparent. Over 86% percent of district activities are supported through local taxation. The community, as a whole, is the primary support for the Colts Neck Township School District.

Business-Type Activities

Revenues for the District's business-type activities were comprised of charges for services. These services are included but are not limited to Food Service, Kindergarten Complement Program and Preschool Tuition Program. Following are some of our major business type activity results.

Overall business type revenues exceeded expenditures by \$9,299.00

- Food service revenues including anticipated subsidies were \$27,042.81 less than expenditures.
- Kindergarten Complement revenues were \$28,308.85 more than expenditures.
- Preschool Tuition Program revenues were \$7,906.48 more than expenditures.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$24,179,561.26 and expenditures were \$23,508,257.83.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules, which do not include the Capital Projects Fund's activity, present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

REVENUES	Amount	Percentage	Change from Prior Year	Percentage Change
Local Sources	\$20,840,115.89	86.19%	\$256,311.87	1.25%
State Sources	2,378,020.39	9.83%	(875,377.50)	-26.91%
Federal Sources	<u>961,424.98</u>	<u>3.98%</u>	<u>45,538.19</u>	<u>4.97%</u>
	<u>\$24,179,561.26</u>	<u>100.00%</u>	<u>(\$573,527.44)</u>	<u>-2.32%</u>
EXPENDITURES				
Current Expense:				
Instruction	\$11,081,181.45	47.14%	(\$399,306.45)	-3.48%
Undistributed	10,224,399.36	43.49%	(449,311.81)	-4.21%
Capital Outlay	157,794.32	0.67%	(269,634.05)	-63.08%
Special Revenues	287,754.98	1.22%	(269,405.03)	-48.35%
Debt Service:		0.00%		
Principal	859,384.80	3.66%	(5,172.96)	-0.60%
Interest	<u>897,742.92</u>	<u>3.82%</u>	<u>(19,880.19)</u>	<u>-2.17%</u>
Total	<u>\$23,508,257.83</u>	<u>100.00%</u>	<u>(\$1,412,710.49)</u>	<u>-5.67%</u>

Local revenues increased by \$256,311.87. The increase in local revenue was due to a tax increase needed to fund the additional expenditures associated with higher operating costs and reduced State aid.

Changes in expenditures were the results of varying factors. Current expense increased due to salary increases for staff and increased health benefits.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District may revise the annual operating budget. Revisions or transfers in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. The following is a revision that bears notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item, nor an expenditure item to the District, but is required to be reflected in the financial statements.

Capital Assets

At the end of the fiscal year 2011, the School District had \$32,251,531.83 invested in land, building, furniture, equipment and vehicles. Table 4 shows fiscal year 2011 balances compared to 2010.

	<u>2011</u>	<u>2010</u>
Land	\$7,114,624.00	\$7,114,624.00
Construction in Progress	0.00	942,549.50
Site Improvements	414,804.93	443,560.00
Building Improvements	23,709,352.14	23,559,016.51
Machinery and Equipment	<u>1,012,750.76</u>	<u>1,145,483.12</u>
	<u>\$32,251,531.83</u>	<u>\$33,205,233.13</u>

We have made every effort to control both Health and Liability Insurance. To date, our enrollment in a mix of Private Carriers has assisted the District in controlling medical, dental and prescription drug expenses. Additionally, we have been effective in controlling our Liability Insurance and Workers Compensation costs by enrolling in a Pooled Insurance Programs and aggressively following safety standards and being proactively safety conscious.

In the future, we must continue to accept multiple proposals to ensure that we are getting the most possible coverage at the least possible expense.

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Mr. John A. Paredes, School Business Administrator/Board Secretary, Colts Neck Township Schools, 70 Conover Road, Colts Neck, NJ 07722.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2011

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$1,643,977.98	\$415,723.67	\$2,059,701.65
Receivables, net	306,768.26	6,475.18	313,243.44
Inventory		15,576.54	15,576.54
Deferred Bond Issuance Costs	19,313.47		19,313.47
Restricted assets:			
Restricted cash and cash equivalents	420,297.57		420,297.57
Capital assets:			
Land and Construction in Progress	7,114,624.00		7,114,624.00
Other Capital Assets net of depreciation	<u>25,136,907.83</u>	<u>6,961.18</u>	<u>25,143,869.01</u>
Total Assets	<u>34,641,889.11</u>	<u>444,736.57</u>	<u>35,086,625.68</u>
LIABILITIES			
Accounts payable	73,691.35	61,876.58	135,567.93
Deferred revenue		208,961.21	208,961.21
Bond Interest Payable	376,187.38		376,187.38
Noncurrent liabilities:			
Due within one year:			
Bonds and capital leases payable	918,372.97		918,372.97
Due beyond one year:			
Compensated absences payable	483,705.00		483,705.00
Bonds and capital leases payable	<u>18,078,946.34</u>		<u>18,078,946.34</u>
Total liabilities	<u>19,930,903.04</u>	<u>270,837.79</u>	<u>20,201,740.83</u>
NET ASSETS			
Invested in capital assets, net of related debt	13,254,212.52	6,961.18	13,261,173.70
Restricted for:			
Capital projects fund	53,500.40		53,500.40
Debt service fund (deficit)	(355,697.28)		(355,697.28)
Other purposes	662,483.53		662,483.53
Unrestricted	<u>1,096,486.90</u>	<u>166,937.60</u>	<u>1,263,424.50</u>
Total net assets	<u>\$14,710,986.07</u>	<u>\$173,898.78</u>	<u>\$14,884,884.85</u>

See accompanying notes to financial statements.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2011

Functions/Programs	Expenses	Programs Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 8,466,868.03	\$	\$	\$ (8,466,868.03)	\$	\$ (8,466,868.03)
Special	3,218,273.45		31,684.67	(3,186,588.78)		(3,186,588.78)
Other Instruction	348,515.15			(348,515.15)		(348,515.15)
Support services:						
Student & instruction related services	4,060,053.23		890,786.14	(3,169,267.09)		(3,169,267.09)
General administrative services	797,059.20		95,346.09	(701,713.11)		(701,713.11)
School administrative services	941,834.66		31,684.69	(910,149.97)		(910,149.97)
Central service	343,862.35		31,684.69	(312,177.66)		(312,177.66)
Administrative information technology	90,715.88			(90,715.88)		(90,715.88)
Plant operations and maintenance	2,406,767.05		301,661.59	(2,105,105.46)		(2,105,105.46)
Pupil transportation	2,013,016.41		365,030.97	(1,647,985.44)		(1,647,985.44)
Interest on Long-Term Debt	934,879.09		69,398.00	(865,481.09)		(865,481.09)
Unallocated amortization (net)	6,437.82			(6,437.82)		(6,437.82)
Total governmental activities	<u>23,628,282.32</u>		<u>1,817,276.84</u>	<u>(21,811,005.48)</u>		<u>(21,811,005.48)</u>
Business-type activities						
Food Service	380,737.04	308,607.88	45,086.35		(27,042.81)	(27,042.81)
Kindergarten Complement Program	179,791.15	208,100.00			28,308.85	28,308.85
Preschool Tuition Program	51,618.52	59,525.00			7,906.48	7,906.48
Total business-type activities	<u>612,146.71</u>	<u>576,232.88</u>	<u>45,086.35</u>		<u>9,172.52</u>	<u>9,172.52</u>
Total primary government	<u>24,240,429.03</u>	<u>576,232.88</u>	<u>1,862,363.19</u>	<u>(21,811,005.48)</u>	<u>9,172.52</u>	<u>(21,801,832.96)</u>
General Revenues:						
Taxes:						
Property taxes, levied for general purposes, net				19,265,898.00		19,265,898.00
Taxes levied for debt service				1,495,539.00		1,495,539.00
Federal and state aid not restricted				1,522,168.53		1,522,168.53
Miscellaneous income				78,678.89	371.10	79,049.99
Disposal of Capital Assets					(244.62)	(244.62)
Total general revenues and special items				<u>22,362,284.42</u>	<u>126.48</u>	<u>22,362,410.90</u>
Change in net Assets				551,278.94	9,299.00	560,577.94
Net Assets - beginning				14,159,707.13	164,599.78	14,324,306.91
Net Assets ending				<u>\$ 14,710,986.07</u>	<u>\$ 173,898.78</u>	<u>\$ 14,884,884.85</u>

See accompanying notes to financial statements.

MAJOR FUND FINANCIAL STATEMENTS

The Individual Fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 1,549,096.47	\$	\$ 93,704.88	\$ 1,176.63	\$ 1,643,977.98
Cash, Capital Reserve	420,297.57				420,297.57
Due from other funds	33,298.37				33,298.37
Receivables from other governments	257,617.52	49,150.74			306,768.26
Total assets	\$ 2,260,309.93	\$ 49,150.74	\$ 93,704.88	\$ 1,176.63	\$ 2,404,342.18
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	57,827.50	15,863.85			73,691.35
Interfund payables		33,286.89	11.48		33,298.37
Total liabilities	57,827.50	49,150.74	11.48		106,989.72
Fund balances:					
Restricted:					
Capital reserve account	420,297.57				420,297.57
Emergency reserve account	93,000.00				93,000.00
Capital projects fund			53,500.40		53,500.40
Debt service fund				278.00	278.00
Committed:					
Encumbrances			40,193.00		40,193.00
Designated for subsequent years expenditures	1,010,000.00			898.63	1,010,898.63
Assigned:					
Encumbrances	108,992.96				108,992.96
Unassigned	570,191.90				570,191.90
Total fund balances	2,202,482.43		93,693.40	1,176.63	2,297,352.46
Total liabilities and fund balances	\$ 2,260,309.93	\$ 49,150.74	\$ 93,704.88	\$ 1,176.63	\$ 2,404,342.18

See accompanying notes to financial statements.

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

Total Fund Balances (Brought Forward)		\$2,297,352.46
Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:		
Cost associated with the issuance of Bonds are expensed in the Governmental Funds in the year the bonds are issued, but are capitalized on the Statement of Net Assets:		
Bond Issuance Costs	\$38,626.94	
Accumulated Amortization	<u>(19,313.47)</u>	19,313.47
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	48,737,376.01	
Accumulated Depreciation	<u>(16,485,844.18)</u>	32,251,531.83
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated Absences	(483,705.00)	
Bonds Payable	(18,780,000.00)	
Capital Leases	<u>(217,319.31)</u>	(19,481,024.31)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accrued Interest Payable	<u>(376,187.38)</u>	<u>(376,187.38)</u>
Net Assets of Governmental Activities		<u><u>\$14,710,986.07</u></u>

See accompanying notes to financial statements.

COLTS NECK TOWNSHIP BOARD OF EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local sources:				
Local tax levy	\$19,265,898.00		\$1,495,539.00	\$20,761,437.00
Interest on Capital reserve	769.61			769.61
Miscellaneous	77,011.37		897.91	77,909.28
Total - local sources	19,343,678.98		1,496,436.91	20,840,115.89
State sources	2,241,946.39		136,074.00	2,378,020.39
Federal sources	673,670.00	\$287,754.98		961,424.98
Total revenues	22,259,295.37	287,754.98	1,632,510.91	24,179,561.26
EXPENDITURES:				
Current expense:				
Regular instruction	7,514,392.85			7,514,392.85
Special instruction	3,218,273.45			3,218,273.45
Other Instruction	348,515.15			348,515.15
Support services:				
Student & instruction related services	3,770,660.09	287,754.98		4,058,415.07
General administrative services	788,816.70			788,816.70
School administrative services	932,619.70			932,619.70
Central services	349,944.85			349,944.85
Administrative information technology	90,715.88			90,715.88
Plant operations and maintenance	2,402,378.43			2,402,378.43
Pupil transportation	1,889,263.71			1,889,263.71
Debt Service:				
Principal	89,384.80		770,000.00	859,384.80
Interest	13,941.66		883,801.26	897,742.92
Capital outlay	157,794.32			157,794.32
Total expenditures	21,566,701.59	287,754.98	1,653,801.26	23,508,257.83
Excess (deficiency) of revenues over (under) expenditures	692,593.78		(21,290.35)	671,303.43
Fund balances, July 1, 2010	1,509,888.65	\$ -0-	22,466.98	1,626,049.03
Fund balances, June 30, 2011	\$2,202,482.43	\$ -0-	\$1,176.63	\$2,297,352.46

See accompanying notes to financial statements.

COLTS NECK 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, 2011

Total net change in fund balances - governmental funds (from B-2)	\$671,303.43
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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 exceeded depreciation in the period</p>	
Depreciation expense	(1,061,969.62)
Capital outlays	\$157,794.32
Less: Capital Outlays not capitalized	<u>(\$49,526.00)</u>
	108,268.32
<p>Repayment of bond principal 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.</p>	
	770,000.00
<p>Repayment of long-term debt 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.</p>	
Payment of capital lease payable	89,384.80
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.</p>	
	12,389.83
<p>Bond Issue costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, on the Statement of Activities the costs are amortized over the life of the Bonds</p>	
Amortization Expense	(6,437.82)
<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
	<u>(31,660.00)</u>
Change in net assets of governmental activities	<u><u>\$551,278.94</u></u>

See accompanying notes to financial statements.

OTHER FUNDS

COLTS NECK TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL JUNE 30, 2011
	MAJOR FUNDS		NON-MAJOR FUND	
	FOOD SERVICE FUND	KINDERGARTEN COMPLEMENT FUND	PRESCHOOL TUITION PROGRAM FUND	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$158,835.77	\$185,073.36	\$71,814.54	\$415,723.67
Accounts receivable:				
State	676.00			676.00
Federal	5,799.18			5,799.18
Inventories	15,576.54			15,576.54
Total current assets	<u>180,887.49</u>	<u>185,073.36</u>	<u>71,814.54</u>	<u>437,775.39</u>
Noncurrent assets:				
Furniture, machinery & equipment	230,334.00			230,334.00
Less accumulated depreciation	(223,372.82)			(223,372.82)
Total noncurrent assets	<u>6,961.18</u>			<u>6,961.18</u>
Total assets	<u>187,848.67</u>	<u>185,073.36</u>	<u>71,814.54</u>	<u>444,736.57</u>
LIABILITIES				
Current liabilities:				
Accounts Payable	61,876.58			61,876.58
Deferred revenue	4,798.71	147,600.00	56,562.50	208,961.21
Total current liabilities	<u>66,675.29</u>	<u>147,600.00</u>	<u>56,562.50</u>	<u>270,837.79</u>
Total liabilities	<u>66,675.29</u>	<u>147,600.00</u>	<u>56,562.50</u>	<u>270,837.79</u>
NET ASSETS				
Invested in capital assets, net of depreciation	6,961.18			6,961.18
Unrestricted	114,212.20	37,473.36	15,252.04	166,937.60
Total net assets	<u>\$121,173.38</u>	<u>\$37,473.36</u>	<u>\$15,252.04</u>	<u>\$173,898.78</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>			<u>TOTAL</u> <u>JUNE 30, 2011</u>
	<u>MAJOR FUNDS</u>		<u>NON-MAJOR FUND</u>	
	<u>FOOD</u> <u>SERVICE</u> <u>FUND</u>	<u>KINDERGARTEN</u> <u>COMPLEMENT</u> <u>FUND</u>	<u>PRESCHOOL</u> <u>TUITION PROGRAM</u> <u>FUND</u>	
OPERATING REVENUES:				
Charges for services:				
Daily sales	\$298,323.84			\$298,323.84
Special functions	10,284.04			10,284.04
Tuition - individuals		\$208,100.00	\$59,525.00	267,625.00
Total operating revenues	308,607.88	208,100.00	59,525.00	576,232.88
OPERATING EXPENSES:				
Cost of sales	107,178.61			107,178.61
Salaries	121,157.01	143,371.40	40,746.00	305,274.41
Employee benefits	31,980.04	35,328.00	10,187.00	77,495.04
Supplies and materials	35,174.00	1,091.75	685.52	36,951.27
Management Fees	18,920.00			18,920.00
Insurance	10,326.09			10,326.09
Repairs	10,164.85			10,164.85
Equipment	4,650.00			4,650.00
Miscellaneous	34,438.17			34,438.17
Depreciation	6,748.27			6,748.27
Total operating expenses	380,737.04	179,791.15	51,618.52	612,146.71
Operating income (loss)	(72,129.16)	28,308.85	7,906.48	(35,913.83)
NONOPERATING REVENUES (EXPENSES):				
State sources:				
State school lunch program	3,392.82			3,392.82
Federal sources:				
National school lunch program	30,714.18			30,714.18
National food distribution commodities	10,979.35			10,979.35
Interest	371.10			371.10
Total nonoperating revenues (expenses)	45,457.45			45,457.45
Income/(loss) before contributions & transfers	(26,671.71)	28,308.85	7,906.48	9,543.62
Other financing uses:				
Disposal of Capital Assets	(244.62)			(244.62)
Total other financing uses	(244.62)			(244.62)
Change in net assets	(26,916.33)	28,308.85	7,906.48	9,299.00
Total net assets - beginning	148,089.71	9,164.51	7,345.56	164,599.78
Total net assets - ending	\$121,173.38	\$37,473.36	\$15,252.04	\$173,898.78

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL JUNE 30, 2011
	MAJOR FUNDS		NON-MAJOR FUND	
	FOOD SERVICE FUND	KINDERGARTEN COMPLEMENT FUND	PRESCHOOL TUITION PROGRAM FUND	
Cash flows from operating activities:				
Receipts from customers	\$308,607.88	\$246,950.00	\$97,087.50	\$652,645.38
Payments to employees	(98,536.96)	(143,371.40)	(40,746.00)	(282,654.36)
Payments to employee benefits	(26,142.46)	(35,328.00)	(10,187.00)	(71,657.46)
Payments to suppliers	(178,163.32)	(1,091.75)	(685.52)	(179,940.59)
Net cash provided by (used for) operating activities	5,765.14	67,158.85	45,468.98	118,392.97
Cash flows from noncapital financing activities:				
State sources	3,107.40			3,107.40
Federal sources	28,249.77			28,249.77
Net cash provided by noncapital financing activities	31,357.17			31,357.17
Cash flows from investing activities:				
Interest and dividends	371.10			371.10
Net cash provided by investing activities	371.10			371.10
Net increase in cash and cash equivalents	37,493.41	67,158.85	45,468.98	150,121.24
Cash and cash equivalents, July 1, 2010	121,342.36	117,914.51	26,345.56	265,602.43
Cash and cash equivalents, June 30, 2011	158,835.77	185,073.36	71,814.54	415,723.67
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(72,129.16)	28,308.85	7,906.48	(35,913.83)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,748.27			6,748.27
Federal commodities	10,979.35			10,979.35
Change in assets and liabilities:				
Increase (decrease) in deferred revenue	(2,406.55)	38,850.00	37,562.50	74,005.95
Increase in accounts payable	61,876.58			61,876.58
Decrease in inventories	696.65			696.65
	77,894.30	38,850.00	37,562.50	154,306.80
Net cash provided by (used for) operating activities	\$5,765.14	\$67,158.85	\$45,468.98	\$118,392.97

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u>	<u>AGENCY FUNDS</u>
ASSETS		
Cash and cash equivalents	<u>\$124,379.65</u>	<u>\$655,404.83</u>
Total assets	<u>124,379.65</u>	<u>655,404.83</u>
LIABILITIES		
Payroll deductions and withholdings		3,423.57
Wages payable - summer payroll		550,757.68
Due to student groups		<u>101,223.58</u>
Total liabilities		<u>\$655,404.83</u>
NET ASSETS		
Held in trust for unemployment claims and other purposes	<u>124,379.65</u>	
Total net assets	<u>\$124,379.65</u>	<u>\$-0-</u>

See accompanying notes to financial statements.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u>
ADDITIONS:	
Contributions:	
Plan Members	\$34,939.15
Other	200,000.00
Total contributions	<u>234,939.15</u>
Investment earnings:	
Interest	411.03
Net investment earnings	<u>411.03</u>
Total additions	<u>235,350.18</u>
DEDUCTIONS:	
Unemployment claims	235,396.27
Total deductions	<u>235,396.27</u>
Change in net assets	(46.09)
Net assets beginning of year	<u>124,425.74</u>
Net assets end of year	<u><u>\$124,379.65</u></u>

See accompanying notes to financial statements.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Colts Neck School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 District's accounting policies are described below:

Reporting Entity

The Township of Colts Neck School District is a Type II District located in Monmouth County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Education of the Colts Neck School District, comprised of nine elected individuals, is the primary governing authority of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39), as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government
2. The primary government, or its component unit, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

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 and middle schools for Grades K thru 8, located in the Township of Colts Neck. The Township is part of the Freehold Regional High School District for Grades 9 thru 12. 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.

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain 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 are presented for each fund category—governmental, proprietary, and fiduciary. 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 as the oversight entity believes that the presentation of all funds as major is important for the public interest and to promote consistency among District financial reporting models.

Governmental Fund Types

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 non instructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Statement Department of Education, the District includes budgeted capital outlay in this fund. U.S. Generally Accepted Accounting Principles as they pertain to governmental entities state 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 revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to the current expense by Board resolution; in certain instances approval by the County Superintendent of Schools may also be required.

Special Revenue Fund The special revenue fund is used to account for the proceeds of specific revenue sources from State and Federal Government (other than those for major capital projects, debt service or proprietary funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

Capital Projects Funds 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 debt issued to finance major property acquisition, construction and improvement programs.

Proprietary Funds

Enterprise Fund The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service, Kindergarten Complement and Preschool Tuition programs operations. These funds are 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.

Fiduciary Funds

Agency Funds The agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District. The agency funds included are as follows:

Payroll and Student Activities Funds These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Unemployment Insurance Trust Funds An expendable trust fund used to account for unemployment compensation claims as they arise.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation for expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 totaled \$145,800.00.

All budget 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).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of one or more deferred State Aid payments for budgetary purposes only due to the State deferral of such payments into the subsequent budget year and the accounting treatment of encumbrances in the special revenue fund as described 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 recognized encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial records.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditures 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 and capital project funds for which the District has received advances are reflected in the balance sheet as deferred revenues 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.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & computer equipment	10
Instructional equipment	10
Grounds equipment	15
Buses	12

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave and vacation days that are expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

Deferred Revenue

Deferred revenue in the special revenue and proprietary funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long term debt is recognized as a liability on the fund financial statements when due.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The 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.

Fund Balance Reserves

In fiscal year 2011, the District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement modifies fund balance reporting and clarifies fund type definitions. This new Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently. The restricted fund balance classification includes amounts that are subject to externally enforceable legal restriction such as by constitutional provision, enabling legislation or other government imposed restrictions. The committed fund balance classification includes amounts constrained for a specific purpose by a government using its highest decision-making authority. The assigned fund balance classification includes amounts for all funds, other than the general fund with any remaining positive balances not already classified as restricted or committed. For the general fund, amounts constrained with the intent to be used for a specific purpose by the governing board or an official delegated authority by the board. The unassigned fund balance classification includes for the general fund, amounts not classified as restricted, committed or assigned. The general fund is the only fund that will report a positive unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned. Fund balance restrictions have been established for the emergency reserve and capital reserve accounts.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-exchange 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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income is earned. 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 District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal yearend: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit

The Township of Colts Neck School District had the following cash and cash equivalents at June 30, 2011:

<u>Fund Type</u>	<u>Cash in Bank</u>
Governmental	\$ 2,510,359.12
Proprietary	415,723.67
Fiduciary	843,220.61
	3,769,303.40
Less: Outstanding Checks	509,519.70
	\$ 3,259,783.70

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits (Continued)

Custodial Credit Risk- Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2011, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$3,769,303.40, \$250,000.00 was covered by Federal Depository Insurance and \$3,519,303.40 was covered under the provisions of NJGUDPA.

Investments

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. These funds are also required to be rated by a nationally recognized statistical rating organization.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2011 the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$7,114,624.00			\$7,114,624.00
Construction in Progress	942,549.50		(\$942,549.50)	
Total Capital Assets not being depreciated	<u>8,057,173.50</u>		<u>(942,549.50)</u>	<u>7,114,624.00</u>
Site improvements	708,855.10	5,800.00		714,655.10
Buildings & Building Improvements	37,326,613.44	38,732.07	942,549.50	38,307,895.01
Machinery & Equipment	<u>2,604,360.65</u>	<u>63,736.25</u>	<u>(\$67,895.00)</u>	<u>2,600,201.90</u>
Totals at historical cost	<u>40,639,829.19</u>	<u>108,268.32</u>	<u>874,654.50</u>	<u>41,622,752.01</u>
Gross Assets (Memo only)	<u>48,697,002.69</u>	<u>108,268.32</u>	<u>(67,895.00)</u>	<u>48,737,376.01</u>
Less: Accumulated Depreciation				
Site improvements	(265,295.10)	(34,555.07)		(299,850.17)
Buildings & Building Improvements	(13,767,596.93)	(830,945.94)		(14,598,542.87)
Machinery & Equipment	<u>(1,458,877.53)</u>	<u>(196,468.61)</u>	67,895.00	<u>(1,587,451.14)</u>
Total Depreciation	<u>(15,491,769.56)</u>	<u>(1,061,969.62)</u>	<u>67,895.00</u>	<u>(16,485,844.18)</u>
Total capital assets being depreciated, net of depreciation	<u>25,148,059.63</u>	<u>(953,701.30)</u>	<u>942,549.50</u>	<u>25,136,907.83</u>
Total Governmental Fund Activities	<u>33,205,233.13</u>	<u>(953,701.30)</u>		<u>32,251,531.83</u>
Proprietary Activities:				
Machinery & Equipment	\$234,003.40		(\$3,669.40)	\$230,334.00
Totals at historical cost	<u>234,003.40</u>		<u>(3,669.40)</u>	<u>230,334.00</u>
Less: Accumulated Depreciation				
Machinery & Equipment	<u>(220,049.33)</u>	<u>(6,748.27)</u>	3,424.78	<u>(223,372.82)</u>
Total Depreciation	<u>(220,049.33)</u>	<u>(6,748.27)</u>	<u>3,424.78</u>	<u>(223,372.82)</u>
Total Proprietary Fund Activities	<u>\$13,954.07</u>	<u>(\$6,748.27)</u>	<u>(\$244.62)</u>	<u>\$6,961.18</u>

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 3: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functional expenses areas of the District as follows:

Instruction:	
Regular	\$921,375.18
Support services:	
Student & instruction related services	1,638.16
School administrative services	9,214.96
Plant operations and maintenance	5,988.62
Pupil transportation	123,752.70
	<hr/>
	\$1,061,969.62
	<hr/> <hr/>

NOTE 4: LONG-TERM DEBT

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 4: LONG-TERM DEBT (CONTINUED)

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2011:

	Compensated Absences Payable	Bonds Payable	Capital Leases Payable	Total
Balance June 30, 2010	\$452,045.00	\$19,550,000.00	\$306,704.11	\$20,308,749.11
Additions	31,660.00			31,660.00
Reductions		770,000.00	89,384.80	859,384.80
Balance June 30, 2011	<u>\$483,705.00</u>	<u>\$18,780,000.00</u>	<u>\$217,319.31</u>	<u>\$19,481,024.31</u>
Amounts due within one Year	<u>-0-</u>	<u>\$825,000.00</u>	<u>\$93,372.97</u>	<u>\$918,372.97</u>

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 4: LONG-TERM DEBT (CONTINUED)

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2011, including interest payments on issued debt, are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30,			
FY2012	\$825,000.00	\$858,788.50	\$1,683,788.50
FY2013	850,000.00	832,334.50	1,682,334.50
FY2014	880,000.00	800,916.50	1,680,916.50
FY2015	915,000.00	769,665.00	1,684,665.00
FY2016	965,000.00	736,525.00	1,701,525.00
FY2017	1,005,000.00	697,550.00	1,702,550.00
FY2018	1,045,000.00	656,950.00	1,701,950.00
FY2019	1,115,000.00	615,750.00	1,730,750.00
FY2020	1,170,000.00	559,000.00	1,729,000.00
FY2021	1,230,000.00	500,500.00	1,730,500.00
FY2022	1,290,000.00	439,000.00	1,729,000.00
FY2023	1,355,000.00	374,500.00	1,729,500.00
FY2024	1,420,000.00	306,750.00	1,726,750.00
FY2025	1,495,000.00	235,750.00	1,730,750.00
FY2026	1,570,000.00	161,000.00	1,731,000.00
FY2027	1,650,000.00	82,500.00	1,732,500.00
	<u>\$18,780,000.00</u>	<u>\$8,627,479.50</u>	<u>\$27,407,479.50</u>

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 4: LONG-TERM DEBT (CONTINUED)

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2011</u>	<u>Bonds Authorized But Not Issued</u>
\$13,250,000.00 in School Bonds dated February 1, 2002, due in remaining annual installments ranging between \$70,000.00 and \$1,650,000.00 beginning February 1, 2012 and ending February 1, 2027 with interest from 4.00% to 5.00%	\$12,845,000.00	-0-
\$4,895,000.00 in Refunding School Bonds dated July 1, 2005, due in remaining annual installments ranging between \$290,000.00 and \$965,000.00 beginning July 1, 2011 and ending July 1, 2018 with interest from 3.25% to 4.50%	4,175,000.00	-0-
\$3,260,000.00 in Refunding School Bonds dated April 15, 2008 due in remaining annual installments ranging between \$400,000.00 to \$480,000.00 beginning July 1, 2011 and ending July 1, 2015 with interest at 4.80%	<u>1,760,000.00</u>	<u>-0-</u>
	<u><u>\$18,780,000.00</u></u>	<u><u>-0-</u></u>

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 4: LONG-TERM DEBT (CONTINUED)

Refunding School Bonds

On April 15, 2008 the district issued \$3,260,000.00 in Refunding School bonds to advance refund \$3,165,000.00 of the districts previously issued and outstanding school bonds. The reacquisition price exceeded the net carrying amount by \$36,626.94. This amount is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The current year portion charged to the Statement of Activities was \$6,437.82 leaving a balance of \$19,313.47. Under the escrow agreement, the escrow is irrevocably pledged to the payment of principal and interest on the refunded bonds. As a result, the \$3,165,000.00 of the refunded obligations are considered to be defeased and the liability for those bonds has been removed from the financial statements.

Bonds Authorized but Not Issued

As of June 30, 2011 the District had no Bonds Authorized but not issued.

Capital Leases Payable

The District is leasing school buses totaling \$474,861.00 under capital leases. This capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2011:

Fiscal Year Ended	<u>Amount</u>
<u>June 30,</u>	
2012	\$103,076.46
2013	71,036.62
2014	<u>61,075.62</u>
Total Minimum Lease Payments	235,188.70
Less: Amount Representing Interest	<u>17,869.39</u>
 Present Value of Lease Payments	 <u><u>\$217,319.31</u></u>

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 5: PENSION PLANS

Description of Plans All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund 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 District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 5: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued) Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Chapter 89, P.L. 2008 - Members of either retirement system who became members before July 1, 2007 may retire at age 55 years of service or at age 60 with any number of years service without a reduction in the amount of retirement allowance the members receive. There is a reduction in such an allowance if the member is under 55 years of age with 25 years of service. There is also a reduction in an allowance for members of either system who became members on or after July 1, 2007 and who retire between age 55 and 60 with 25 or more year of service.

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS currently provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (i.e. the State of New Jersey makes the employer contribution on behalf of public school districts.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements (Continued)

Three Year Trend Information for PERS

<u>Year Ended</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 Pension</u> <u>Obligation</u>
2011	\$296,682.00	100%	\$296,682.00
2010	235,079.00	100%	235,079.00
2009	203,382.00	100%	203,382.00

During the fiscal years ended June 30, 2011, 2010 and 2009, the State of New Jersey did not contribute to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$753,721.87 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 6: OTHER POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 6: OTHER POST-RETIREMENT BENEFITS (Continued)

The state is also responsible for the cost attributable to P.L. 1992 c. 126, 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School Commission for the years ended June 30, 2011, 2010 and 2009 were, \$674,639.00, \$668,647.00 and \$647,022.00 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School Commission was not determined or made available by the State of New Jersey.

NOTE 7: LITIGATION

The District's counsel advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the School District and which might materially affect the District's financial position.

NOTE 8: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2011-2011 fiscal year were subject to the U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$500,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 9: RISK MANAGEMENT

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

Property and Liability Insurance The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

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, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Year Ended</u> <u>June 30,</u>	<u>Board</u> <u>Contributions</u>	<u>Interest</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$200,000.00	\$411.03	\$34,939.15	\$235,396.27	\$124,379.65
2010	83,616.00	235.50	42,722.61	117,602.67	124,425.74
2009	83,616.00	64.18	39,147.58	64,241.87	115,454.30

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 10: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and 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 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.

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net assets. As of June 30, 2011, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Assets of \$483,705.00

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

NOTE 11: FUND BALANCE APPROPRIATED

General Fund Of the \$2,202,482.43 in General Fund Balance at June 30, 2011, \$108,992.96 has been assigned for encumbrances; \$93,000.00 has been restricted in the Emergency Reserve account; \$420,297.57 has been restricted in the Capital Reserve Account; \$1,010,000.00 is assigned and has been appropriated and included as anticipated revenue for the year ended June 30, 2012; and \$570,191.90 is unassigned.

Debt Service Fund Of the \$1,176.63 in Debt Service Fund Balance at June 30, 2011, \$278.00 is restricted in accordance with N.J.S.A. 18A:7F-41c(2) and \$898.63 is assigned and has been appropriated and included as anticipated revenue for the year ended June 30, 2012.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 12: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

Calculation of Excess Surplus In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2007, c73 (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 fund balance at the fiscal year end of June 30 if the District did not appropriate a required minimum amount as budgeted fund balance in the subsequent year's budget.

General Fund Expenditures:		
Fiscal Year Ended, June 30 2011		\$21,566,701.59
Decreased by:		
Reimb. TPAF Social Security Contributions	\$753,721.89	
Reimb. TPAF Pension Contributions	706,402.00	
		1,460,123.89
Adjusted General Fund Expenditures		\$20,106,577.70
Excess Surplus Percentage		2.00%
		\$402,131.55
Increased by:		
Impact Aid	\$518,645.00	
Extraordinary Aid	221,332.00	
Non-Public Transportation Aid	31,606.52	
		771,583.52
Maximum Unreserved/Undesignated General Fund Balance		\$1,173,715.07
Actual Unreserved/Undesignated General Fund Balance		607,032.90
Excess Surplus		-0-

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Balance</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 33,298.37	\$
Special Revenue Fund		33,286.89
Capital Projects Fund	<u> </u>	<u>11.48</u>
	<u>\$ 33,298.37</u>	<u>\$ 33,298.37</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District 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 of Education, 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 appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special election dates authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 14: CAPITAL RESERVE ACCOUNT

The activity of the capital reserve during the year ended June 30, 2011, is as follows:

Balance, July 1, 2010		\$	474,853.96
Interest Earnings	\$	<u>769.61</u>	
			<u>769.61</u>
			475,623.57
Withdrawals:			
FY2011 Budget	\$	49,526.00	
Board Resolution dated 09/01/10		<u>5,800.00</u>	
			<u>55,326.00</u>
Balance, June 30, 2011		\$	<u><u>420,297.57</u></u>

The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan (LRFP). At June 30, 2011 the District's LRFP balance of local support costs of uncompleted capital projects was \$8,128,616.00

NOTE 15: EMERGENCY RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7F-41c(1), an emergency reserve account was established by the District. The emergency reserve account is maintained in the general fund.

The account balance is not to exceed \$250,000 or one percent of the district's general fund budget up to a maximum of \$1,000,000, whichever is greater. Withdrawals require approval by the Commissioner.

At June 30, 2010, the balance of the Emergency Reserve Account was \$93,000.00.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2011

NOTE 16: DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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:

Metropolitan Life Insurance Company
VALIC
ING
Axa Equitable

NOTE 17: INVENTORY

Inventory in the Food Service Fund at June 30, 2011 consisted of the following:

Food and Supplies	<u>\$15,576.54</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

COLTS NECK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	(GAAP) VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES					
Local sources:					
Local tax levy	\$19,265,898.00		\$19,265,898.00	19,265,898.00	
Transportation Fees from other LEAs	27,000.00		27,000.00		(27,000.00)
Interest Earned on Capital Reserve	350.00		350.00	769.61	419.61
Restricted Miscellaneous Revenue	50,000.00		50,000.00		(50,000.00)
Unrestricted Miscellaneous Revenue	64,000.00		64,000.00	77,011.37	13,011.37
Total-local sources	19,407,248.00		19,407,248.00	19,343,678.98	(63,569.02)
State sources:					
Categorical Special education aid	417,855.00		417,855.00	417,855.00	
Extraordinary Aid (non-budgeted)				221,332.00	221,332.00
Miscellaneous Unrestricted State Aid				31,606.52	31,606.52
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				31,763.00	31,763.00
On-behalf TPAF Post Retirement Contributions (non-budgeted)				674,639.00	674,639.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				753,721.87	753,721.87
Total - state sources	417,855.00		417,855.00	2,130,917.39	1,713,062.39
Federal sources					
Impact Aid	106,018.00		106,018.00	624,663.00	518,645.00
Education Jobs Fund		49,007.00	49,007.00	49,007.00	
	106,018.00	49,007.00	155,025.00	673,670.00	518,645.00
Total revenues	19,931,121.00	49,007.00	19,980,128.00	22,148,266.37	2,168,138.37
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	182,640.00		182,640.00	177,506.80	5,133.20
Grades 1-5	3,005,749.00	109,155.00	3,114,904.00	3,101,558.22	13,345.78
Grades 6-8	2,474,840.00	10,228.00	2,485,068.00	2,485,067.60	0.40
Regular Programs - Home Instruction:					
Salaries of teachers	1,500.00	732.00	2,232.00	2,232.00	
Regular programs - undistributed instruction:					
Other purchased services(400-500 series)	142,880.00	(34,998.00)	107,882.00	85,810.73	22,071.27
General supplies	361,456.00	(33,660.18)	327,795.82	210,260.73	117,535.09
Textbooks	22,500.00	(19,000.00)	3,500.00		3,500.00
Total regular programs	6,191,565.00	32,456.82	6,224,021.82	6,062,436.08	161,585.74
Learning and / or Language Disabilities:					
Salaries of teachers	147,823.00	(13,403.00)	134,420.00	114,518.00	19,902.00
General supplies	4,500.00		4,500.00	1,968.14	2,531.86
Total Learning and / or Language Disabilities	152,323.00	(13,403.00)	138,920.00	116,486.14	22,433.86
Resource room/resource center:					
Salaries of teachers	1,281,395.00	181,847.00	1,463,242.00	1,460,214.96	3,027.04
Other salaries for instruction	35,397.00	6,610.00	42,007.00	41,615.88	391.12
General supplies	18,500.00	(3,004.00)	15,496.00	3,010.50	12,485.50
Total resource room/resource center	1,335,292.00	185,453.00	1,520,745.00	1,504,841.34	15,903.66
Preschool disabilities-part -time:					
Salaries of teachers	146,760.00	11,250.00	158,010.00	157,976.00	34.00
Other salaries for instruction	19,427.00	14,450.00	33,877.00	30,338.93	3,538.07
Purchased Professional - Educational Services	15,000.00		15,000.00	236.00	14,764.00
General Supplies	3,000.00		3,000.00	547.14	2,452.86
Total preschool disabilities - part-time	184,187.00	25,700.00	209,887.00	189,098.07	20,788.93
Total special education	1,671,802.00	197,750.00	1,869,552.00	1,810,425.55	59,126.45

COLTS NECK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	(GAAP) VARIANCE FAVORABLE/ (UNFAVORABLE)
Basic skills/remedial:					
Salaries of teachers	318,465.00		318,465.00	268,334.05	50,130.95
General supplies	2,250.00		2,250.00	1,854.67	395.33
Total basic skills/remedial	320,715.00		320,715.00	270,188.72	50,526.28
Bilingual education:					
Salaries of teachers	80,655.00		80,655.00	32,895.00	47,760.00
General supplies	550.00		550.00		550.00
Total bilingual education	81,205.00		81,205.00	32,895.00	48,310.00
School sponsored cocurricular activities:					
Salaries	9,420.00		9,420.00	9,419.32	0.68
Other Objects	5,800.00		5,800.00	3,115.77	2,684.23
Total school sponsored cocurricular activities	15,220.00		15,220.00	12,535.09	2,684.91
School sponsored athletics:					
Salaries	23,800.00		23,800.00	16,677.00	7,123.00
Purchased Services(300-500 series)	4,000.00	488.00	4,488.00	4,488.00	
Supplies and Materials	5,000.00	(488.00)	4,512.00		4,512.00
Other Objects	17,200.00		17,200.00	11,731.34	5,468.66
Total school sponsored athletics	50,000.00		50,000.00	32,896.34	17,103.66
Total other instructional programs	65,220.00		65,220.00	45,431.43	19,788.57
Total - instruction	8,330,507.00	230,206.82	8,560,713.82	8,221,376.78	339,337.04
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within the state-special	258,937.00	91,425.00	350,362.00	346,359.50	4,002.50
Tuition to Private Schools for the Disabled W/ State	521,560.00	3,272.00	524,832.00	524,448.70	383.30
Total undistributed expenditures - instruction	780,497.00	94,697.00	875,194.00	870,808.20	4,385.80
Attendance and social work services:					
Salaries	\$9,000.00		\$9,000.00	9,000.00	
Total attendance and social work services	9,000.00		9,000.00	9,000.00	
Health services:					
Salaries	171,765.00	(456.00)	171,309.00	168,871.50	2,437.50
Purchased professional and technical services	6,500.00		6,500.00	2,500.00	4,000.00
Supplies and materials	3,700.00		3,700.00	2,536.21	1,163.79
Other Objects	300.00		300.00		300.00
Total health services	182,265.00	(456.00)	181,809.00	173,907.71	7,901.29
Other support services - student related services:					
Salaries	310,177.00	8,720.00	318,897.00	318,895.50	1.50
Supplies and materials	3,000.00		3,000.00	683.34	2,316.66
Total other support services - students related services	313,177.00	8,720.00	321,897.00	319,578.84	2,318.16
Other support services- Students- Extra Services					
Salaries	258,429.00	(47,601.00)	210,828.00	207,610.98	3,217.02
Other salaries for instruction	49,007.00		49,007.00	49,007.00	
Purchased Professional - Educational Services	110,706.00	(35,128.00)	75,578.00	75,437.00	141.00
Supplies and materials	2,500.00		2,500.00	341.22	2,158.78
Total other support services- Students- Extra Services	371,635.00	(33,722.00)	337,913.00	332,396.20	5,516.80

COLTS NECK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	(GAAP) VARIANCE FAVORABLE/ (UNFAVORABLE)
Other support services - students - regular:					
Salaries of other professional staff	147,190.00	2,769.00	149,959.00	149,958.41	0.59
Salaries of secretarial and clerical assistants	37,069.00		37,069.00	36,475.00	594.00
Supplies and Materials	1,500.00	(1,209.00)	291.00		291.00
Total other support services - students - regular	<u>185,759.00</u>	<u>1,560.00</u>	<u>187,319.00</u>	<u>186,433.41</u>	<u>885.59</u>
Other support services - students - special services:					
Salaries of other professional staff	387,625.00	(813.00)	386,812.00	386,792.00	20.00
Salaries of secretarial and clerical assistants	76,926.00	601.00	77,527.00	77,527.00	
Other Purchased Professional and Technical Services	8,000.00	(4,596.00)	3,404.00	3,404.00	
Supplies and Materials	11,000.00		11,000.00	7,122.22	3,877.78
Total other support services - students - special services	<u>483,551.00</u>	<u>(4,808.00)</u>	<u>478,743.00</u>	<u>474,845.22</u>	<u>3,897.78</u>
Improvement of instruction services/ other support services-instructional staff					
Salaries of Supervisors of Instruction	143,670.00		143,670.00	143,670.00	
Salaries of other professional staff	30,063.00	1,545.00	31,608.00	31,607.12	0.88
Salaries of secretarial and clerical assistants	49,284.00		49,284.00	48,412.00	872.00
Other Purchased Professional and Technical Services	29,400.00	(17.00)	29,383.00	29,112.00	271.00
Supplies and Materials	1,500.00	17.00	1,517.00	1,516.40	0.60
Total improvement of instruction services/ other support services-instructional staff	<u>253,917.00</u>	<u>1,545.00</u>	<u>255,462.00</u>	<u>254,317.52</u>	<u>1,144.48</u>
Educational media services/school library:					
Salaries	337,267.00	10,375.00	347,642.00	347,165.70	476.30
Other Purchased Services (400-500)	3,500.00	(3,500.00)			
Supplies and Materials	37,750.00	(5,300.00)	32,450.00	27,653.47	4,796.53
Other Objects	1,600.00	505.00	2,105.00	1,905.00	200.00
Total educational media services/school library	<u>380,117.00</u>	<u>2,080.00</u>	<u>382,197.00</u>	<u>376,724.17</u>	<u>5,472.83</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	59,340.00	(\$26,745.00)	\$32,595.00	29,994.00	2,601.00
Travel	500.00		500.00	124.04	375.96
Total Instructional Staff Training Services	<u>59,840.00</u>	<u>(26,745.00)</u>	<u>33,095.00</u>	<u>30,118.04</u>	<u>2,976.96</u>
Support services general administration:					
Salaries	289,137.00	(303.00)	288,834.00	286,343.32	2,490.68
Legal services	20,000.00	88,171.00	108,171.00	107,898.15	272.85
Audit Fees	18,750.00		18,750.00	18,750.00	
Other purchased professional services	5,000.00	12,742.00	17,742.00	11,342.00	6,400.00
Communications/telephone	17,450.00	(3,194.00)	14,256.00	13,929.44	326.56
BOE Other purchased services	2,000.00		2,000.00		2,000.00
Other purchased services (400-500)	61,018.00	(17,204.00)	43,814.00	43,813.19	0.81
General supplies	8,000.00	(3,206.00)	4,794.00	4,793.42	0.58
Miscellaneous expenditures	10,000.00		10,000.00	7,490.58	2,509.42
BOE membership dues and fees	14,148.00		14,148.00	12,904.20	1,243.80
Total support services general administration	<u>445,503.00</u>	<u>77,006.00</u>	<u>522,509.00</u>	<u>507,264.30</u>	<u>15,244.70</u>
Support services school administration:					
Salaries of principals/asst. principals	473,157.00		473,157.00	473,157.00	
Salaries of other professional staff	123,918.00		123,918.00	123,918.00	
Salaries of secretarial and clerical assistants	231,617.00	2,000.00	233,617.00	228,363.43	5,253.57
Other Purchased Services (400-500 series)	1,500.00	15,000.00	16,500.00	4,160.94	12,339.06
General Supplies	16,750.00		16,750.00	16,340.89	409.11
Miscellaneous expenditures	1,000.00		1,000.00		1,000.00
Total support services school administration	<u>847,942.00</u>	<u>17,000.00</u>	<u>864,942.00</u>	<u>845,940.26</u>	<u>19,001.74</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	(GAAP) VARIANCE FAVORABLE/ (UNFAVORABLE)
Central Services:					
Salaries	250,417.00		250,417.00	248,585.92	1,831.08
Misc. purchased services (400-500 series)	5,750.00	139.00	5,889.00	1,685.00	4,204.00
General Supplies	10,000.00		10,000.00	9,219.25	780.75
Miscellaneous expenditures	1,100.00		1,100.00		1,100.00
Total central services	267,267.00	139.00	267,406.00	259,490.17	7,915.83
Admin. Info. Tech.					
Salaries	70,146.00		70,146.00	68,102.88	2,043.12
Total admin. Info. Technology	70,146.00		70,146.00	68,102.88	2,043.12
Required Maintenance for School Facilities:					
Salaries	215,784.00	(26,897.00)	188,887.00	182,936.78	5,950.22
Cleaning, Repair and Maintenance Services	228,000.00	(27,289.00)	200,711.00	200,362.65	348.35
General supplies	2,000.00	2,310.00	4,310.00	4,308.74	1.26
Other Objects	27,000.00	(9,100.00)	17,900.00	17,166.46	733.54
Total Allowable Maintenance for School Facilities	472,784.00	(60,976.00)	411,808.00	404,774.63	7,033.37
Other operation and maint. of plant :					
Salaries	569,198.00	(\$8,224.00)	\$560,974.00	554,867.44	6,106.56
Salaries Non-Instruction	240,887.00	(\$107,701.00)	\$133,186.00	123,993.91	9,192.09
Cleaning, repair and maint. services	66,410.00	(9,295.00)	57,115.00	57,115.00	
Insurance	58,500.00	(305.00)	58,195.00	58,193.99	1.01
General supplies	388,650.00		388,650.00	340,411.19	48,238.81
Energy (heat and electricity)	213,000.00	(4,397.00)	208,603.00	187,953.83	20,649.17
Total other operation and maint. of plant	1,536,645.00	(129,922.00)	1,406,723.00	1,322,535.36	84,187.64
Total operation and maintenance of plant services	2,009,429.00	(190,898.00)	1,818,531.00	1,727,309.99	91,221.01
Student transportation services:					
Salaries of Non-Instructional Aides	59,779.00	12,000.00	71,779.00	70,358.99	1,420.01
Salaries for pupil transportation (between home and school)-regular	458,639.00	40,438.00	499,077.00	489,702.16	9,374.84
Salaries for pupil transportation (between home and school)-Special Ed	103,037.00	(250.00)	102,787.00	41,456.05	61,330.95
Salaries for pupil transportation (other than between home & school)	3,500.00		3,500.00	2,285.47	1,214.53
Cleaning, Repair and Maintenance Services	4,000.00		4,000.00		4,000.00
Lease Purchase Payments - School Buses		103,327.00	103,327.00	103,326.46	0.54
Contracted Services - aid in lieu of payments	102,952.00	(102,952.00)			
Contracted services (other than between home and school)-vendors	107,905.00	(69,046.00)	38,859.00	38,832.93	26.07
Contracted services (spec ed students) - ESCs & CTSAs	263,600.00	(10,200.00)	253,400.00	247,384.48	6,015.52
Miscellaneous purchased services - Transportation	2,066.00		2,066.00	2,066.00	
Supplies and materials	5,000.00		5,000.00	1,711.34	3,288.66
Transportation Supplies	178,150.00	(125.00)	178,025.00	172,614.10	5,410.90
Other Objects	6,700.00		6,700.00	6,372.70	327.30
Total student transportation services	1,295,328.00	(26,808.00)	1,268,520.00	1,176,110.68	92,409.32

COLTS NECK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	ADOPTED BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	(GAAP) VARIANCE FAVORABLE/ (UNFAVORABLE)
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	310,370.00		310,370.00	247,736.24	62,633.76
Other retirement contributions - regular	246,833.00	50,414.00	297,247.00	297,126.52	120.48
Unemployment Compensation	200,000.00		200,000.00	200,000.00	
Workers Compensation	198,563.00	(41,395.00)	157,168.00	157,167.17	0.83
Health Benefits	3,197,800.00	(108,734.00)	3,089,066.00	3,055,257.73	33,808.27
Tuition Reimbursements	62,000.00	37,000.00	99,000.00	75,375.56	23,624.44
Other Employee Benefits	95,000.00	(12,604.00)	82,396.00	82,395.81	0.19
Total Unallocated Benefits - Employee Benefits:	4,310,566.00	(75,319.00)	4,235,247.00	4,115,059.03	120,187.97
Total personal services	4,310,566.00	(75,319.00)	4,235,247.00	4,115,059.03	120,187.97
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				31,763.00	(31,763.00)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				674,639.00	(674,639.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				753,721.87	(753,721.87)
Total Undistributed Expenditures	12,265,939.00	(156,009.00)	12,109,930.00	13,187,530.49	(1,077,600.49)
TOTAL EXPENDITURES - CURRENT EXPENSE FUND 11	20,596,446.00	74,197.82	20,670,643.82	21,408,907.27	(738,263.45)
CAPITAL OUTLAY:					
Interest Deposit to Capital reserve	\$350.00		\$350.00		350.00
Equipment:					
Undistributed expenditures:					
Instruction	4,325.00	123,309.00	127,634.00	44,349.00	83,285.00
Required Maint for School Fac.	30,000.00	(14,613.00)	15,387.00	15,387.00	
Transportation		4,000.00	4,000.00	4,000.00	
Total Equipment	34,325.00	112,696.00	147,021.00	63,736.00	83,285.00
Facilities acquisition and construction services:					
Other Objects	49,526.00		49,526.00	49,526.00	
Construction services		58,344.00	58,344.00	44,532.32	13,811.68
Total facilities acquis. and const. services	49,526.00	58,344.00	107,870.00	94,058.32	13,811.68
TOTAL CAPITAL OUTLAY	84,201.00	171,040.00	255,241.00	157,794.32	97,446.68
TOTAL EXPENDITURES	20,680,647.00	245,237.82	20,925,884.82	21,566,701.59	(640,816.77)
Excess (deficiency) of revenues over (under) expenditures	(749,526.00)	(196,230.82)	(945,756.82)	581,564.78	1,527,321.60
Fund balances, July 1			1,657,758.65	1,657,758.65	
Fund balances, June 30	(749,526.00)	(196,230.82)	712,001.83	2,239,323.43	1,527,321.60
Recapitulation:					
Year End Encumbrances				108,992.96	
Legally Restricted - Emergency Reserve				93,000.00	
Legally Restricted - Capital Reserve				420,297.57	
Committed - Designated for Subsequent Year's Expenditures				1,010,000.00	
Unassigned				607,032.90	
				2,239,323.43	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(36,841.00)	
Fund Balance per Governmental Funds (GAAP)				2,202,482.43	

COLTS NECK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	<u>ORIGINAL</u> <u>BUDGET</u>	<u>BUDGET</u> <u>TRANSFERS/</u> <u>AMENDMENTS</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FINAL TO ACTUAL</u>
REVENUES:					
Federal sources	\$ 274,054.00	\$ 17,345.00	\$ 291,399.00	\$ 287,754.98	\$ 3,644.02
Total revenues	<u>274,054.00</u>	<u>17,345.00</u>	<u>291,399.00</u>	<u>287,754.98</u>	<u>3,644.02</u>
EXPENDITURES:					
Support services:					
Improvement of Instruction Services		2,109.60	2,109.60	2,109.60	
Purchased professional - technical services		1,500.00	1,500.00	1,125.00	375.00
Purchased professional - educational services	32,069.00	(22,669.00)	9,400.00	9,400.00	
Other purchase services		17,000.00	17,000.00	13,814.00	3,186.00
Tuition	230,074.00	16,310.00	246,384.00	246,384.00	
Supplies and materials	11,911.00	3,094.40	15,005.40	14,922.38	83.02
Total support services	<u>274,054.00</u>	<u>17,345.00</u>	<u>291,399.00</u>	<u>287,754.98</u>	<u>3,644.02</u>
Total expenditures	\$ <u>274,054.00</u>	\$ <u>17,345.00</u>	\$ <u>291,399.00</u>	\$ <u>287,754.98</u>	\$ <u>3,644.02</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Note A - Explanation of difference between budgetary inflows and outflows
and GAAP Revenues and Expenditures

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$22,148,266.37	\$287,754.98
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(36,841.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	147,870.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$22,259,295.37	\$287,754.98
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	21,566,701.59	287,754.98
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$21,566,701.59	\$287,754.98

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

COLTS NECK TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	NO CHILD LEFT BEHIND TITLE II A	IDEA PART B	IDEA PRESCHOOL	IDEA PRESCHOOL RECOVERY	TOTAL JUNE 30, 2011
REVENUES:					
Federal sources	\$27,356.74	\$234,634.00	\$20,881.00	\$4,883.24	287,754.98
Total revenues	<u>27,356.74</u>	<u>234,634.00</u>	<u>20,881.00</u>	<u>4,883.24</u>	<u>287,754.98</u>
EXPENDITURES:					
Support services:					
Improvement of Instruction Services				2,109.60	2,109.60
Purchased professional - technical services		1,125.00			1,125.00
Purchased professional - educational services	9,400.00				9,400.00
Other purchase services	12,314.00	1,500.00			13,814.00
Tuition		230,909.00	15,475.00		246,384.00
Supplies and materials	5,642.74	1,100.00	5,406.00	2,773.64	14,922.38
Total support services	<u>27,356.74</u>	<u>234,634.00</u>	<u>20,881.00</u>	<u>4,883.24</u>	<u>287,754.98</u>
Total expenditures	<u>\$27,356.74</u>	<u>\$234,634.00</u>	<u>\$20,881.00</u>	<u>\$4,883.24</u>	<u>\$287,754.98</u>

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
AS OF JUNE 30, 2011

<u>ISSUE/PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>(MEMO ONLY) UNEXPENDED PROJECT BALANCE</u>
			<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
Addition to Elementary School		\$ 392,243.00	\$ 338,742.60		\$ 53,500.40
Conover Road Primary - Roof Replacement	6/17/2009	<u>910,000.00</u>	<u>910,000.00</u>		
Totals		<u>\$ 1,302,243.00</u>	<u>\$ 1,248,742.60</u>	<u>\$ -</u>	<u>\$ 53,500.40</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

Revenues and Other Financing Sources:	
Capital Reserve	
Total revenues	<hr/>
Expenditures and Other Financing Uses:	
Construction services	
Total expenditures	<hr/>
Excess (deficiency) of revenues over (under) expenditures	<hr/>
Net change in fund balance	-0-
Fund balance - beginning	<hr/> 53,500.40
Fund balance - ending	<hr/> <hr/> \$53,500.40

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
ADDITION TO ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$147,959.00		\$147,959.00	\$147,959.00
Bond proceeds and transfers	244,284.00		244,284.00	244,284.00
Total revenues	<u>392,243.00</u>		<u>392,243.00</u>	<u>392,243.00</u>
Expenditures and Other Financing Uses:				
Construction services	338,742.60		338,742.60	392,243.00
Total expenditures	<u>338,742.60</u>		<u>338,742.60</u>	<u>392,243.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$53,500.40</u>		<u>\$53,500.40</u>	
Additional project information:				
Original Authorized Cost	\$407,140.00			
Additional Authorized Cost	(14,897.00)			
Revised Authorized Cost	\$392,243.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	100.00%			
Original target completion date	09/04			
Revised target completion date	09/07			

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
CONOVER ROAD PRIMARY SCHOOL - ROOF REPLACEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Capital Reserve	910,000.00		910,000.00	910,000.00
Total revenues	<u>910,000.00</u>	<u>0.00</u>	<u>910,000.00</u>	<u>910,000.00</u>
Expenditures and Other Financing Uses:				
Construction services	910,000.00		910,000.00	910,000.00
Total expenditures	<u>910,000.00</u>	<u>0.00</u>	<u>910,000.00</u>	<u>910,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Additional project information:				
Original Authorized Cost		\$910,000.00		
Additional Authorized Cost		-0-		
Revised Authorized Cost		\$910,000.00		
Percentage Increase over Original Authorized Cost		N/A		
Percentage completion		100.00%		
Original target completion date		FY2010		
Revised target completion date		FY2010		

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

- FOOD SERVICES FUND:** This fund provides for the operation of Food services within the school district.
- KINDERGARTEN COMPLEMENT FUND:** This fund provides for the operation of an extended Kindergarten Program within the school district.
- PRESCHOOL TUITION PROGRAM:** This fund provides for the operation of a Preschool Program within the school district.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2011

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>			<u>TOTAL</u> <u>JUNE 30, 2011</u>
	<u>MAJOR FUNDS</u>		<u>NON-MAJOR FUND</u>	
	<u>FOOD</u> <u>SERVICE</u> <u>FUND</u>	<u>KINDERGARTEN</u> <u>COMPLEMENT</u> <u>FUND</u>	<u>PRESCHOOL</u> <u>TUITION PROGRAM</u> <u>FUND</u>	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$158,835.77	\$185,073.36	\$71,814.54	\$415,723.67
Accounts receivable:				
State	676.00			676.00
Federal	5,799.18			5,799.18
Inventories	15,576.54			15,576.54
Total current assets	<u>180,887.49</u>	<u>185,073.36</u>	<u>71,814.54</u>	<u>437,775.39</u>
Noncurrent assets:				
Furniture, machinery & equipment	230,334.00			230,334.00
Less accumulated depreciation	(223,372.82)			(223,372.82)
Total noncurrent assets	<u>6,961.18</u>			<u>6,961.18</u>
Total assets	<u>187,848.67</u>	<u>185,073.36</u>	<u>71,814.54</u>	<u>444,736.57</u>
LIABILITIES				
Current liabilities:				
Accounts Payable	61,876.58			61,876.58
Deferred revenue	4,798.71	147,600.00	56,562.50	208,961.21
Total current liabilities	<u>66,675.29</u>	<u>147,600.00</u>	<u>56,562.50</u>	<u>270,837.79</u>
Total liabilities	<u>66,675.29</u>	<u>147,600.00</u>	<u>56,562.50</u>	<u>270,837.79</u>
NET ASSETS				
Invested in capital assets, net of depreciation	6,961.18			6,961.18
Unrestricted	114,212.20	37,473.36	15,252.04	166,937.60
Total net assets	<u>\$121,173.38</u>	<u>\$37,473.36</u>	<u>\$15,252.04</u>	<u>\$173,898.78</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>			<u>TOTAL</u> <u>JUNE 30, 2011</u>
	<u>MAJOR FUNDS</u>		<u>NON-MAJOR FUND</u>	
	<u>FOOD</u> <u>SERVICE</u> <u>FUND</u>	<u>KINDERGARTEN</u> <u>COMPLEMENT</u> <u>FUND</u>	<u>PRESCHOOL</u> <u>TUITION PROGRAM</u> <u>FUND</u>	
OPERATING REVENUES:				
Charges for services:				
Daily sales	\$298,323.84			\$298,323.84
Special functions	10,284.04			10,284.04
Tuition - individuals		\$208,100.00	\$59,525.00	267,625.00
Total operating revenues	<u>308,607.88</u>	<u>208,100.00</u>	<u>59,525.00</u>	<u>576,232.88</u>
OPERATING EXPENSES:				
Cost of sales	107,178.61			107,178.61
Salaries	121,157.01	143,371.40	40,746.00	305,274.41
Employee benefits	31,980.04	35,328.00	10,187.00	77,495.04
Supplies and materials	35,174.00	1,091.75	685.52	36,951.27
Management Fees	18,920.00			18,920.00
Insurance	10,326.09			10,326.09
Repairs	10,164.85			10,164.85
Equipment	4,650.00			4,650.00
Miscellaneous	34,438.17			34,438.17
Depreciation	6,748.27			6,748.27
Total operating expenses	<u>380,737.04</u>	<u>179,791.15</u>	<u>51,618.52</u>	<u>612,146.71</u>
Operating income (loss)	<u>(72,129.16)</u>	<u>28,308.85</u>	<u>7,906.48</u>	<u>(35,913.83)</u>
NONOPERATING REVENUES (EXPENSES):				
State sources:				
State school lunch program	3,392.82			3,392.82
Federal sources:				
National school lunch program	30,714.18			30,714.18
National food distribution commodities	10,979.35			10,979.35
Interest	371.10			371.10
Total nonoperating revenues (expenses)	<u>45,457.45</u>			<u>45,457.45</u>
Income/(loss) before contributions & transfers	<u>(26,671.71)</u>	<u>28,308.85</u>	<u>7,906.48</u>	<u>9,543.62</u>
Other financing uses:				
Disposal of Capital Assets	(244.62)			(244.62)
Total other financing uses	<u>(244.62)</u>			<u>(244.62)</u>
Change in net assets	(26,916.33)	28,308.85	7,906.48	9,299.00
Total net assets - beginning	<u>148,089.71</u>	<u>9,164.51</u>	<u>7,345.56</u>	<u>164,599.78</u>
Total net assets - ending	<u>\$121,173.38</u>	<u>\$37,473.36</u>	<u>\$15,252.04</u>	<u>\$173,898.78</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>			<u>TOTAL</u> <u>JUNE 30, 2011</u>
	<u>MAJOR FUNDS</u>		<u>NON-MAJOR FUND</u>	
	<u>FOOD</u> <u>SERVICE</u> <u>FUND</u>	<u>KINDERGARTEN</u> <u>COMPLEMENT</u> <u>FUND</u>	<u>PRESCHOOL</u> <u>TUITION PROGRAM</u> <u>FUND</u>	
Cash flows from operating activities:				
Receipts from customers	\$308,607.88	\$246,950.00	\$97,087.50	\$652,645.38
Payments to employees	(98,536.96)	(143,371.40)	(40,746.00)	(282,654.36)
Payments to employee benefits	(26,142.46)	(35,328.00)	(10,187.00)	(71,657.46)
Payments to suppliers	(178,163.32)	(1,091.75)	(685.52)	(179,940.59)
Net cash provided by (used for) operating activities	<u>5,765.14</u>	<u>67,158.85</u>	<u>45,468.98</u>	<u>118,392.97</u>
Cash flows from noncapital financing activities:				
State sources	3,107.40			3,107.40
Federal sources	28,249.77			28,249.77
Net cash provided by noncapital financing activities	<u>31,357.17</u>			<u>31,357.17</u>
Cash flows from investing activities:				
Interest and dividends	371.10			371.10
Net cash provided by investing activities	<u>371.10</u>			<u>371.10</u>
Net increase in cash and cash equivalents	37,493.41	67,158.85	45,468.98	150,121.24
Cash and cash equivalents, July 1, 2010	<u>121,342.36</u>	<u>117,914.51</u>	<u>26,345.56</u>	<u>265,602.43</u>
Cash and cash equivalents, June 30, 2011	<u><u>158,835.77</u></u>	<u><u>185,073.36</u></u>	<u><u>71,814.54</u></u>	<u><u>415,723.67</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(72,129.16)	28,308.85	7,906.48	(35,913.83)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,748.27			6,748.27
Federal commodities	10,979.35			10,979.35
Change in assets and liabilities:				
Increase (decrease) in deferred revenue	(2,406.55)	38,850.00	37,562.50	74,005.95
Increase in accounts payable	61,876.58			61,876.58
Decrease in inventories	696.65			696.65
	<u>77,894.30</u>	<u>38,850.00</u>	<u>37,562.50</u>	<u>154,306.80</u>
Net cash provided by operating activities	<u><u>\$5,765.14</u></u>	<u><u>\$67,158.85</u></u>	<u><u>\$45,468.98</u></u>	<u><u>\$118,392.97</u></u>

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the district for a specific purpose:

Unemployment Compensation Insurance Trust Fund: This expendable trust fund is used to pay unemployment compensation claims as they arise.

Agency Funds are used to account for assets held by the district as an agent for another party:

Student Activity Fund : This agency fund is used to account for student funds held at the schools.

Payroll Agency Fund: This agency fund is used to account for the payroll transactions of the school district.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	AGENCY FUNDS		UNEMPLOYMENT COMPENSATION TRUST FUND	TOTAL JUNE 30, 2010
	STUDENT ACTIVITY	PAYROLL AGENCY		
ASSETS				
Cash and cash equivalents	\$101,223.58	\$554,181.25	\$124,379.65	\$779,784.48
Total assets	<u>101,223.58</u>	<u>554,181.25</u>	<u>124,379.65</u>	<u>779,784.48</u>
LIABILITIES				
Payroll deductions and withholdings		3,423.57		3,423.57
Wages payable - Summer Payroll		550,757.68		550,757.68
Due to student groups	101,223.58			101,223.58
Total liabilities	<u>\$101,223.58</u>	<u>\$554,181.25</u>		<u>\$655,404.83</u>
NET ASSETS				
Held in trust for unemployment claims and other purposes			124,379.65	124,379.65
Total net assets	<u>-0-</u>	<u>-0-</u>	<u>\$124,379.65</u>	<u>\$124,379.65</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>BALANCE</u> <u>JULY 1, 2010</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2011</u>
Cedar Drive Middle School	\$45,267.79	\$114,564.68	\$103,700.39	\$56,132.08
Conover Road Elementary School	29,071.48	47,976.90	42,929.67	34,118.71
Conover Road Primary School	8,716.38	9,873.82	7,617.41	10,972.79
Total all schools	<u>\$83,055.65</u>	<u>\$172,415.40</u>	<u>\$154,247.47</u>	<u>\$101,223.58</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>BALANCE</u> <u>JULY 1, 2010</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2011</u>
ASSETS:				
Cash and cash equivalents	\$579,576.65	\$14,530,097.49	\$14,555,492.89	\$554,181.25
Total assets	<u>579,576.65</u>	<u>14,530,097.49</u>	<u>14,555,492.89</u>	<u>554,181.25</u>
LIABILITIES:				
Payroll deductions and withholdings	82,994.96	6,052,516.62	6,132,088.01	3,423.57
Wages payable - summer payroll	<u>496,581.69</u>	<u>8,477,580.87</u>	<u>8,423,404.88</u>	<u>550,757.68</u>
Total liabilities	<u>\$579,576.65</u>	<u>\$14,530,097.49</u>	<u>\$14,555,492.89</u>	<u>\$554,181.25</u>

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2011

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES		RATE OF INTEREST	BALANCE JULY 1, 2010	RETIRED	BALANCE JUNE 30, 2011
			DATE	AMOUNT				
Refunding School Bonds 2005	7/1/2005	\$ 4,895,000.00	01/01/12	\$ 290,000.00	3.25%	\$	\$	\$
			01/01/13	325,000.00	4.50%			
			01/01/14	365,000.00	4.00%			
			01/01/15	415,000.00	4.00%			
			01/01/16	890,000.00	4.00%			
			01/01/17	925,000.00	4.00%			
			01/01/18	965,000.00	4.00%			
School Bonds	02/01/02	13,250,000.00	02/01/12	70,000.00	4.10%			
			02/01/13	70,000.00	4.10%			
			02/01/14	75,000.00	4.25%			
			02/01/15	100,000.00	4.30%			
			02/01/16	75,000.00	4.50%			
			02/01/17	80,000.00	4.50%			
			02/01/18	80,000.00	4.50%			
			02/01/19	1,115,000.00	5.00%			
			02/01/20	1,170,000.00	5.00%			
			02/01/21	1,230,000.00	5.00%			
			02/01/22	1,290,000.00	5.00%			
			02/01/23	1,355,000.00	5.00%			
			02/01/24	1,420,000.00	5.00%			
			02/01/25	1,495,000.00	5.00%			
			02/01/26	1,570,000.00	5.00%			
02/01/27	1,650,000.00	5.00%	12,880,000.00	35,000.00	12,845,000.00			
2008 Refunding Bonds	04/15/08	3,260,000.00	01/01/12	465,000.00	4.80%			
			01/01/13	455,000.00	4.80%			
			01/01/14	440,000.00	4.80%			
			01/01/15	400,000.00	4.80%			
						\$ 19,550,000.00	\$ 770,000.00	\$ 18,780,000.00

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2011

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2010</u>	<u>DECREASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2011</u>
54 Passenger School Bus	4.69%	\$ 76,722.00	\$ 28,657.37	\$ 14,000.37	14,657.00
54 Passenger School Bus	4.31%	76,858.00	31,349.88	15,344.26	16,005.62
54 Passenger School Bus	4.20%	45,945.00	27,534.33	8,804.56	18,729.77
16 Passenger School Bus	4.40%	46,508.00	36,766.41	8,595.22	28,171.19
54 Passenger School Buses	4.40%	230,679.20	182,396.12	42,640.39	139,755.73
			\$ 306,704.11	\$ 89,384.80	217,319.31

COLTS NECK TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:			
Local sources:			
Local tax levy	\$1,495,539.00	\$1,495,539.00	
Miscellaneous		897.91	\$897.91
State sources:			
Debt service aid type II	<u>136,074.00</u>	<u>136,074.00</u>	
Total revenues	<u>1,631,613.00</u>	<u>1,632,510.91</u>	<u>897.91</u>
EXPENDITURES:			
Regular debt service:			
Interest	883,802.00	883,801.26	0.74
Redemption of principal	<u>770,000.00</u>	<u>770,000.00</u>	
Total regular debt service-expenditures	<u>1,653,802.00</u>	<u>1,653,801.26</u>	<u>\$0.74</u>
Excess (deficiency) of revenues over (under) expenditures	(22,189.00)	(21,290.35)	898.65
Fund balance, July 1	<u>22,466.98</u>	<u>22,466.98</u>	
Fund balance, June 30	<u><u>\$277.98</u></u>	<u><u>\$1,176.63</u></u>	<u><u>\$898.65</u></u>

STATISTICAL SECTION - UNAUDITED

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COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
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 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to 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 to 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.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
UNAUDITED

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities									
Invested in capital assets, net of related debt	\$ 13,254,212.52	\$ 13,348,529.02	\$ 12,459,402.21	\$ 12,080,418.01	\$ 13,010,747.00	\$ 10,975,220.00	\$ 11,565,707.00	\$ 11,065,717.00	\$ 22,650,000.00
Restricted for:									
Debt Service	(355,697.28)	(340,358.94)	(345,856.04)	(442,951.86)	85,152.00	86,341.00	2,941.00	(1,532.00)	
Capital Projects	53,500.40	93,693.40	53,500.40	53,500.40	53,500.00	247,407.00	870,296.00	14,615.00	
Other Projects	662,483.53	567,853.96	1,616,308.64	1,062,022.04	1,940,901.00	807,597.00	2,032,078.00	2,408,753.00	1,000,010.00
Unrestricted	1,096,486.90	489,989.69	291,382.02	790,177.90	543,292.00	882,573.00	356,149.00	142,220.00	3,922,475.00
Total governmental activities net assets	\$ <u>14,710,986.07</u>	\$ <u>14,159,707.13</u>	\$ <u>14,074,737.23</u>	\$ <u>13,543,166.49</u>	\$ <u>15,633,592.00</u>	\$ <u>12,999,138.00</u>	\$ <u>14,827,171.00</u>	\$ <u>13,629,773.00</u>	\$ <u>27,572,485.00</u>
Business-type activities									
Invested in capital assets, net of related debt	\$ 6,961.18	\$ 13,954.07	\$ 20,702.34	\$ 27,450.61	\$ 175,335.00	\$ 147,596.00	\$ 145,598.00	\$ 158,156.00	\$ 6,604.00
Unrestricted	166,937.60	150,645.71	118,747.92	118,491.34	140,519.00	168,186.00	192,246.00	155,836.00	144,095.00
Total business-type activities net assets	\$ <u>173,898.78</u>	\$ <u>164,599.78</u>	\$ <u>139,450.26</u>	\$ <u>145,941.95</u>	\$ <u>315,854.00</u>	\$ <u>315,782.00</u>	\$ <u>337,844.00</u>	\$ <u>313,992.00</u>	\$ <u>150,699.00</u>
District-wide									
Invested in capital assets, net of related debt	\$ 13,261,173.70	\$ 13,362,483.09	\$ 12,480,104.55	\$ 12,107,868.62	\$ 13,186,082.00	\$ 11,122,816.00	\$ 11,711,305.00	\$ 11,223,873.00	\$ 22,656,604.00
Restricted For:									
Debt Service	(355,697.28)	(340,358.94)	(345,856.04)	(442,951.86)	85,152.00	86,341.00	2,941.00	(1,532.00)	
Capital Projects	53,500.40	93,693.40	53,500.40	53,500.40	53,500.00	247,407.00	870,296.00	14,615.00	
Other Projects	662,483.53	567,853.96	1,616,308.64	1,062,022.04	1,940,901.00	807,597.00	2,032,078.00	2,408,753.00	1,000,010.00
Unrestricted	1,263,424.50	640,635.40	410,129.94	908,669.24	683,811.00	1,050,759.00	548,395.00	298,056.00	4,066,570.00
Total district net assets	\$ <u>\$14,884,884.85</u>	\$ <u>\$14,324,306.91</u>	\$ <u>\$14,214,187.49</u>	\$ <u>\$13,689,108.44</u>	\$ <u>\$15,949,446.00</u>	\$ <u>\$13,314,920.00</u>	\$ <u>\$15,165,015.00</u>	\$ <u>\$13,943,765.00</u>	\$ <u>\$27,723,184.00</u>

Source: CAFR Schedule A-1

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
UNAUDITED

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses									
Governmental activities									
Instruction:									
Regular	\$ 8,466,868.03	\$ 8,880,003.25	\$ 7,625,823.29	\$ 7,297,568.04	\$ 6,259,723.00	\$ 6,494,591.00	\$ 5,746,508.00	\$ 5,697,913.00	\$ 5,305,036.00
Special education	3,218,273.45	3,049,167.33	2,109,246.38	2,203,415.65	2,068,419.00	1,944,209.00	1,629,718.00	1,584,451.00	1,425,289.00
Other instruction	348,515.15	507,575.58	402,388.08	380,537.08	427,820.00	352,459.00	482,259.00	464,997.00	296,427.00
Support services:									
Tuition			690,511.55	725,065.49	820,007.00	784,983.00	778,183.00	590,550.00	668,985.00
Student & instruction related services	4,060,053.23	4,313,927.63	2,246,223.72	2,284,140.64	1,684,655.00	1,542,351.00	1,306,920.00	1,275,870.00	1,082,664.00
General administrative services	797,059.20	845,415.70	526,298.12	500,487.21	581,478.00	654,343.00	638,467.00	592,230.00	567,961.00
School administrative services	941,834.66	925,371.19	822,686.22	758,139.27	761,850.00	754,098.00	747,712.00	608,525.00	247,180.00
Central Services	343,862.35	410,911.90	296,603.54	296,204.60					
Administrative information technology	90,715.88	97,290.00	84,208.42	32,214.48					
Business and other support services					414,319.00	372,661.00	324,740.00	307,293.00	637,881.00
Plant operations and maintenance	2,406,767.05	2,595,407.26	1,958,925.62	2,028,801.31	1,818,658.00	1,762,765.00	1,669,938.00	1,571,251.00	1,033,336.00
Pupil transportation	2,013,016.41	2,179,238.09	1,345,841.62	1,981,071.05	1,242,729.00	1,226,318.00	1,367,975.00	1,100,414.00	1,270,315.00
Unallocated benefits			4,944,956.95	4,742,480.94	4,815,215.00	3,879,967.00	3,377,035.00	3,048,366.00	2,799,288.00
Interest on long-term debt	934,879.09	905,287.11	921,039.33	948,632.58	1,030,077.00	1,327,755.00	1,135,342.00	1,168,998.00	2,560,586.00
Unallocated depreciation					1,218,041.00	835,367.00	935,237.00	797,697.00	3,235,564.00
Unallocated Refunding Bond Interest Costs				56,373.06					
Unallocated amortization (net)	6,437.82	6,437.83	6,437.82						
Total governmental activities expenses	\$ 23,628,282.32	24,716,032.87	23,981,190.66	24,235,131.40	\$ 23,142,991.00	\$ 21,931,867.00	\$ 20,140,034.00	\$ 18,808,555.00	\$ 21,130,512.00
Business-type activities:									
Food Service	380,737.04	353,951.90	376,828.07	372,226.73	\$ 45,251.00	\$ 30,027.00	\$ 23,049.00	\$ 244.00	\$ (29,740.00)
Kindergarten Complement Program	179,791.15	242,760.93	228,206.97	225,617.59					
Preschool Tuition Program	51,618.52	37,759.44							
Total business-type activities expense	612,146.71	634,472.27	605,035.04	597,844.32	45,251.00	30,027.00	23,049.00	244.00	(29,740.00)
Total district expenses	\$ 24,240,429.03	25,350,505.14	24,586,225.70	24,832,975.72	\$ 23,188,242.00	\$ 21,961,894.00	\$ 20,163,083.00	\$ 18,808,799.00	\$ 21,100,772.00
PROGRAM REVENUES									
Governmental activities:									
Operating grants and contributions	1,817,276.84	2,078,415.68	297,146.51	318,082.96					
Total governmental activities program revenues	1,817,276.84	2,078,415.68	297,146.51	318,082.96					
Business-type activities:									
Charges for services									
Food Service	308,607.88	314,028.00	328,982.99	307,443.52					
Kindergarten Complement	208,100.00	252,015.00	227,275.00	216,460.00					
Preschool Tuition Program	59,525.00	45,105.00							
Operating grants and contributions	45,086.35	48,463.01	42,033.40	42,118.36					
Total business type activities program revenues	621,319.23	659,611.01	598,291.39	566,021.88					
Total district program revenues	2,438,596.07	2,738,026.69	895,437.90	884,104.84					

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
UNAUDITED

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue									
Governmental activities	\$ (21,811,005.48)	\$ (22,637,617.19)	\$ (23,684,044.15)	(23,917,048.44)	\$ (23,142,991.00)	\$ (21,931,867.00)	\$ (20,140,034.00)	\$ (18,808,555.00)	\$ (21,130,512.00)
Business-type activities	9,172.52	25,138.74	(6,743.65)	(31,822.44)	(45,251.00)	(30,027.00)	(23,049.00)	(244.00)	29,740.00
Total district-wide net expense	\$ <u>(21,801,832.96)</u>	\$ <u>(22,612,478.45)</u>	\$ <u>(23,690,787.80)</u>	<u>(23,948,870.88)</u>	\$ <u>(23,188,242.00)</u>	\$ <u>(21,961,894.00)</u>	\$ <u>(20,163,083.00)</u>	\$ <u>(18,808,799.00)</u>	\$ <u>(21,100,772.00)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes, net	19,265,898.00	18,934,997.00	18,543,266.00	18,058,239.00	\$ 17,262,282.00	\$ 16,401,294.00	\$ 15,434,969.00	\$ 14,414,681.00	\$ 13,361,571.00
Taxes levied for debt service	1,495,539.00	1,514,241.00	1,535,770.00	1,438,941.00	1,504,018.00	1,536,134.00	1,532,089.00	1,531,647.00	1,529,701.00
Unrestricted grants and contributions	1,522,168.53	2,010,416.00	3,451,645.77	4,020,382.78	4,772,417.00	3,390,413.00	3,284,037.00	3,519,779.00	3,116,810.00
Federal and state aid restricted		80,453.00	163,543.00	161,760.00				162,856.00	
Miscellaneous income	78,678.89	134,838.36	348,300.45	201,353.55	202,741.00	169,530.00	141,427.00	94,956.00	215,216.00
Transfers					(3,128.00)	(2,182.00)			
Other cancellations		(3,171.18)			(18,666.00)				
Total governmental activities	<u>22,362,284.42</u>	<u>22,671,774.18</u>	<u>24,042,525.22</u>	<u>23,880,676.33</u>	<u>23,719,664.00</u>	<u>21,495,189.00</u>	<u>20,392,522.00</u>	<u>19,723,919.00</u>	<u>18,223,298.00</u>
Business-type activities:									
Miscellaneous income	371.10	10.78	251.96	10,274.41			803.00		
Disposal of Capital Assets	(244.62)								
Transfers					3,128.00	7,965.00			
Total business-type activities	<u>126.48</u>	<u>10.78</u>	<u>251.96</u>	<u>10,274.41</u>	<u>3,128.00</u>	<u>7,965.00</u>	<u>803.00</u>		
Total district-wide	\$ <u>22,362,410.90</u>	\$ <u>22,671,784.96</u>	\$ <u>24,042,777.18</u>	<u>23,890,950.74</u>	\$ <u>23,722,792.00</u>	\$ <u>21,503,154.00</u>	\$ <u>20,393,325.00</u>	\$ <u>19,723,919.00</u>	\$ <u>18,223,298.00</u>
Change in Net Assets									
Governmental activities	\$ 551,278.94	\$ 34,156.99	\$ 358,481.07	(36,372.11)	\$ 576,673.00	\$ (436,678.00)	\$ 252,488.00	\$ 915,364.00	\$ (2,907,214.00)
Business-type activities	9,299.00	25,149.52	(6,491.69)	(21,548.03)	(42,123.00)	(22,062.00)	23,852.00	(244.00)	29,740.00
Total district	\$ <u>560,577.94</u>	\$ <u>59,306.51</u>	\$ <u>351,989.38</u>	<u>(57,920.14)</u>	\$ <u>534,550.00</u>	\$ <u>(458,740.00)</u>	\$ <u>276,340.00</u>	\$ <u>915,120.00</u>	\$ <u>(2,877,474.00)</u>

Source: CAFR Schedule A-2

COLTS NECK TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>		<u>2007</u>		<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>
General Fund																	
Restricted	\$	513,297.57	\$		\$		\$		\$		\$		\$		\$		
Assigned		1,118,992.96															
Unassigned		570,191.90															
Reserved				618,284.78		1,740,013.92		1,184,839.33		2,378,851.00		1,607,127.00		2,030,828.00		2,408,753.00	1,372,941.00
Unreserved				891,603.87		569,893.74		1,029,010.61		854,804.00		721,096.00		582,724.00		631,263.00	636,328.00
Total general fund	\$	<u>2,202,482.43</u>	\$	<u>1,509,888.65</u>	\$	<u>2,309,907.66</u>	\$	<u>2,213,849.94</u>	\$	<u>3,233,655.00</u>	\$	<u>2,328,223.00</u>	\$	<u>2,613,552.00</u>	\$	<u>3,040,016.00</u>	<u>2,009,269.00</u>
All Other Governmental Funds																	
Restricted		53,778.40															
Committed		40,193.00															
Assigned		898.63															
Reserved				40,193.00													
Unreserved, reported in:																	
Special revenue fund (deficit)	\$		\$		\$		\$		\$		\$		\$		\$		(3,217.00)
Capital projects fund				53,500.40		53,500.40		53,500.40		53,500.00		247,407.00		870,296.00		14,615.00	14,615.00
Debt service fund (deficit)				22,466.98		22,868.05		363.28		85,152.00		86,341.00		2,941.00		(1,532.00)	
Total all other governmental funds	\$	<u>94,870.03</u>	\$	<u>116,160.38</u>	\$	<u>76,368.45</u>	\$	<u>53,863.68</u>	\$	<u>138,652.00</u>	\$	<u>333,748.00</u>	\$	<u>873,237.00</u>	\$	<u>13,083.00</u>	<u>11,398.00</u>

Source: CAFR Schedule B-1

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
UNAUDITED

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues									
Tax levy	\$ 20,761,437.00	\$ 20,449,238.00	\$ 20,079,036.00	\$ 19,497,180.00	\$ 18,766,300.00	\$ 17,937,428.00	\$ 16,967,058.00	\$ 15,946,328.00	\$ 14,891,272.00
Tuition		19,323.85							
Miscellaneous	78,678.89	115,314.51	348,300.45	201,353.55	227,741.00	169,530.00	52,323.00	124,832.00	215,216.00
State sources	2,378,020.39	3,253,397.89	3,233,508.64	3,720,190.23	3,598,738.00	2,997,611.00	2,869,896.00	3,053,896.00	2,376,953.00
Federal sources	961,424.98	915,886.79	678,826.64	780,035.51	1,448,754.00	692,996.00	705,611.00	704,567.00	739,857.00
Total revenue	<u>24,179,561.26</u>	<u>24,753,161.04</u>	<u>24,339,671.73</u>	<u>24,198,759.29</u>	<u>24,041,533.00</u>	<u>21,797,565.00</u>	<u>20,594,888.00</u>	<u>19,829,623.00</u>	<u>18,223,298.00</u>
Expenditures									
Instruction									
Regular Instruction	7,514,392.85	7,923,744.99	6,710,933.63	6,440,490.34	6,256,590.00	6,464,922.00	5,745,443.00	5,691,564.00	5,478,835.00
Special education instruction	3,218,273.45	3,049,167.33	2,109,246.38	2,203,415.65	2,315,605.00	2,207,010.00	1,629,718.00	1,584,451.00	1,425,289.00
Other instruction	348,515.15	507,575.58	402,388.08	380,537.08	427,820.00	352,459.00	522,782.00	464,997.00	470,226.00
Support Services:									
Tuition			690,511.55	725,065.49	820,007.00	784,983.00	778,183.00	590,550.00	668,985.00
Student & instruction related services	4,058,415.07	4,304,817.32	2,223,765.29	2,257,479.77	1,737,544.00	1,542,351.00	1,323,249.00	1,348,930.00	1,419,004.00
General administrative services	788,816.70	844,735.70	519,200.62	500,487.21	581,478.00	654,343.00	638,467.00	592,230.00	567,961.00
School administrative services	932,619.70	916,025.53	813,535.28	752,819.77	761,850.00	754,098.00	747,712.00	530,897.00	247,180.00
Central Services	349,944.85	407,424.40	297,658.54	290,754.60					
Administrative information technology	90,715.88	97,290.00	84,208.42	32,214.48					
Business and other support services					414,319.00	372,661.00	324,740.00	280,340.00	637,881.00
Plant operations and maintenance	2,402,378.43	2,591,927.55	1,955,920.30	2,057,665.83	1,818,658.00	1,762,765.00	1,669,938.00	1,459,840.00	1,033,336.00
Pupil transportation	1,889,263.71	2,068,650.69	1,274,481.12	1,860,920.72	1,242,729.00	1,226,318.00	1,367,975.00	1,146,170.00	1,270,315.00
Unallocated benefits			4,944,956.95	4,742,480.94	4,815,215.00	3,879,967.00	3,422,368.00	3,048,366.00	2,799,288.00
Capital Outlay	157,794.32	1,297,235.37	563,179.88	1,524,523.48	457,943.00	999,703.00	380,798.00	523,680.00	882,857.00
Debt service:									
Principal	859,384.80	864,557.76	770,000.00	670,000.00	620,000.00	636,532.00	560,000.00	530,000.00	500,000.00
Interest and other charges	897,742.92	917,623.11	907,068.20	1,015,632.50	1,044,295.00	982,089.00	1,138,929.00	1,169,498.00	1,198,285.00
Total expenditures	<u>23,508,257.83</u>	<u>25,790,775.32</u>	<u>24,267,054.24</u>	<u>25,454,487.86</u>	<u>23,314,053.00</u>	<u>22,620,201.00</u>	<u>20,250,302.00</u>	<u>18,961,513.00</u>	<u>18,599,442.00</u>
Excess (Deficiency) of revenues over (under) expenditures	671,303.43	(1,037,614.28)	72,617.49	(1,255,728.57)	727,480.00	(822,636.00)	344,586.00	868,110.00	(376,144.00)
Other Financing sources (uses)									
Refunding Bond Proceeds				3,260,000.00					
Payment to Refunded Bonds Escrow Agent				(3,221,373.06)					
Cost of Issuance				(38,626.94)					
Capital leases (non-budgeted)		277,187.20	45,945.00	153,580.00					
Encumbrances cancelled							89,604.00		
State grant								162,856.00	
Cancel state receivable					(14,897.00)				
Transfers out					(6,897.00)		(500.00)		(80.00)
Total other financing sources (uses)	<u>0.00</u>	<u>277,187.20</u>	<u>45,945.00</u>	<u>153,580.00</u>	<u>(21,794.00)</u>	<u>(2,182.00)</u>	<u>89,104.00</u>	<u>162,856.00</u>	<u>(80.00)</u>
Net change in fund balances	<u>671,303.43</u>	<u>(760,427.08)</u>	<u>118,562.49</u>	<u>(1,102,148.57)</u>	<u>705,686.00</u>	<u>(824,818.00)</u>	<u>433,690.00</u>	<u>1,030,966.00</u>	<u>(376,224.00)</u>
Debt service as a percentage of noncapital expenditures	7.53%	7.28%	7.08%	7.04%	7.28%	7.49%	8.55%	9.22%	9.59%

Source: CAFR Schedule B-2

COLTS NECK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest</u> <u>on Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Use of Facilities</u>	<u>Cancelled</u> <u>Accounts Payable</u>	<u>Miscellaneous</u>	<u>Total</u>
2011	\$ 7,020.77		\$ 13,304.55	\$ 30,813.79	25,872.26	77,011.37
2010	13,309.84	21,178.40		4,280.64	75,363.47	114,132.35
2009	57,159.90	43,117.70		162,882.05	83,887.33	347,046.98
2008	119,679.62				73,917.98	193,597.60
2007	139,756.00				50,978.00	190,734.00
2006	115,064.00				45,787.00	160,851.00
2005	50,630.00				5,505.00	56,135.00
2004	50,980.00	14,803.00			29,170.00	94,953.00
2003	104,217.00	589.00				104,806.00
2002	54,682.00				35,023.00	89,705.00

Source: District Records

COLTS NECK TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Total Direct School Tax Rate (b)	Estimated Actual (County Equalized Value)
2010*	\$ 47,351,200.00	\$ 2,590,014,000.00	\$ 269,599,800.00	\$ 4,158,600.00	\$ 196,701,900.00	\$ 3,107,825,500.00	\$ 5,087,706.00	\$ 3,112,913,206.00	1.050	\$ 3,203,755,368.00
2009	20,075,000.00	1,230,598,800.00	116,469,200.00	3,595,050.00	81,269,400.00	1,452,007,450.00	1,787,172.00	1,453,794,622.00	2.229	3,342,807,536.00
2008	23,323,500.00	1,223,359,000.00	112,221,650.00	4,585,550.00	78,003,100.00	1,441,492,800.00	1,315,836.00	1,442,808,636.00	2.223	3,445,743,076.00
2007	24,759,000.00	1,206,627,700.00	106,773,400.00	3,712,550.00	71,775,300.00	1,413,647,950.00	1,280,728.00	1,414,928,678.00	2.190	3,319,389,389.00
2006	23,410,900.00	1,175,807,800.00	114,839,800.00	3,826,700.00	73,643,900.00	1,391,529,100.00	1,346,355.00	1,392,875,455.00	2.113	2,992,132,349.00
2005	22,918,500.00	1,150,175,800.00	114,367,600.00	3,846,100.00	72,887,300.00	1,364,195,300.00	1,623,568.00	1,365,818,868.00	2.068	2,669,828,339.00
2004	26,471,300.00	1,121,359,100.00	124,968,700.00	3,808,900.00	57,503,400.00	1,334,111,400.00	1,869,149.00	1,335,980,549.00	1.925	2,354,180,974.00
2003	29,206,700.00	1,100,424,200.00	123,749,200.00	3,793,700.00	58,150,600.00	1,315,324,400.00	2,209,282.00	1,317,533,682.00	1.850	2,107,040,057.00
2002	32,500,100.00	1,064,573,100.00	122,523,600.00	4,091,050.00	50,907,800.00	1,274,595,650.00	2,422,457.00	1,277,018,107.00	1.687	1,843,720,037.00
2001	38,558,500.00	1,013,600,100.00	123,681,300.00	4,586,950.00	49,763,800.00	1,230,190,650.00	2,659,307.00	1,232,849,957.00	1.441	1,595,518,543.00

* - Revaluation

Source: District records Tax list summary & 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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended June 30,	Township of Colts Neck Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	<u>Basic Rate (a)</u>	<u>General Obligation Debt Service (b)</u>	<u>Total Direct School Tax Rate</u>	<u>Freehold Regional School District</u>	<u>Colts Neck Township</u>	<u>County Library/Other</u>	<u>Monmouth County</u>	
2011	-	-	\$ 0.674	\$ 0.391	\$ 0.200	\$ 0.03	\$ 0.256	1.551
2010*	-	-	0.667	0.383	0.170	0.056	0.261	1.537
2009	-	-	1.4070	0.822	0.343	0.093	0.547	3.212
2008	-	-	1.3920	0.831	0.334	0.058	0.577	3.192
2007	-	-	1.3780	0.812	0.305	0.632	0.564	3.691
2006	-	-	1.3470	0.765	0.353	0.033	0.572	3.070
2005	-	-	1.3130	0.755	0.332	0.032	0.585	3.017
2004	-	-	1.2100	0.715	1.270	0.032	0.587	3.814
2003	-	-	1.1660	0.684	1.211	0.031	0.593	3.685
2002	-	-	1.0630	0.624	1.166	0.030	0.579	3.462

*Revaluation

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(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.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Trump National Golf Club	\$ 32,006,800.00	1	1.028%	\$ N/A	N/A	N/A
Due Process Golf & Horse Stables LLC	21,000,000.00	2	0.675%	N/A	N/A	N/A
Parmar, Parmit Singh	12,263,800.00	3	0.394%	N/A	N/A	N/A
Wellspring Stables, Florida, LLC	10,934,700.00	4	0.351%	N/A	N/A	N/A
Private Resident	9,017,400.00	5	0.290%	N/A	N/A	N/A
24 Realty, LLC	8,507,400.00	6	0.273%	N/A	N/A	N/A
Bal Colts Neck LLC % Brandywine	8,006,100.00	7	0.257%	N/A	N/A	N/A
Laird & Company, LLC	8,000,000.00	8	0.257%	N/A	N/A	N/A
Pegasus Properties, L.L.C.	7,542,200.00	9	0.242%	N/A	N/A	N/A
Colts Neck Shopping Center Assoc	6,820,600.00	10	0.219%	N/A	N/A	N/A
Total	\$ 124,099,000.00		3.987%	\$ 0.00		0.000%

Source: Municipal Tax Assessor

COLTS NECK TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (a)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 20,761,437.00	\$ 20,761,437.00	100.00%	0.00
2010	20,449,238.00	20,449,238.00	100.00%	0.00
2009	20,079,036.00	20,079,036.00	100.00%	0.00
2008	19,497,180.00	19,497,180.00	100.00%	0.00
2007	18,766,300.00	18,766,300.00	100.00%	0.00
2006	17,937,428.00	17,937,428.00	100.00%	0.00
2005	16,967,058.00	16,967,058.00	100.00%	0.00
2004	15,946,328.00	15,946,328.00	100.00%	0.00
2003	14,891,272.00	14,891,272.00	100.00%	0.00

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

Note: 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 is the amount voted upon or certified prior to the end of the school year.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Capital Leases			
2011	\$ 18,780,000.00	\$ 217,319.31	\$ 18,997,319.31	N/A	N/A
2010	19,550,000.00	306,704.11	19,856,704.11	N/A	N/A
2009	20,320,000.00	124,074.67	20,444,074.67	3.71%	2,031.20
2008	21,090,000.00	121,540.16	21,211,540.16	3.71%	2,108.08
2007	21,665,000.00	9,895.00	21,674,895.00	3.92%	2,147.94
2006	22,285,000.00	72,952.00	22,357,952.00	4.28%	2,202.10
2005	22,620,000.00	129,179.00	22,749,179.00	4.68%	2,234.69
2004	23,180,000.00	187,624.00	23,367,624.00	4.99%	2,298.83
2003	23,710,000.00	233,380.00	23,943,380.00	5.53%	2,376.04
2002	24,210,000.00	121,688.00	24,331,688.00	5.70%	2,441.96

Source: District CAFR Schedules I-1, I-2

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

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 18,780,000.00	\$ -0-	\$ 18,780,000.00	N/A	N/A
2010*	19,550,000.00	-0-	19,550,000.00	0.628%	N/A
2009	20,320,000.00	-0-	20,320,000.00	1.398%	2,018.88
2008	21,090,000.00	-0-	21,090,000.00	1.462%	2,096.00
2007	21,665,000.00	-0-	21,665,000.00	1.531%	2,146.96
2006	22,285,000.00	-0-	22,285,000.00	1.600%	2,194.92
2005	22,620,000.00	-0-	22,620,000.00	1.656%	2,222.00
2004	23,180,000.00	-0-	23,180,000.00	1.735%	2,280.37
2003	23,710,000.00	-0-	23,710,000.00	1.800%	2,352.88
2002	24,210,000.00	-0-	24,210,000.00	1.896%	2,429.75

* - Revaluation

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

(a) See Exhibit NJ J-6 for property tax data.

(b) Population data can be found in Exhibit NJ J-14.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
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			
Colts Neck Township	\$ 7,899,428.23	100.000%	\$ 7,899,428.23
Other debt			
Freehold Regional High School	41,770,000.00	10.280%	4,293,956.00
Monmouth County	488,135,115.00	2.690%	<u>13,130,834.59</u>
Subtotal, overlapping debt			25,324,218.82
Colts Neck Township School District Direct Debt			<u>19,550,000.00</u>
Total direct and overlapping debt			<u>\$ 44,874,218.82</u>

Source: Township of Colts Neck Chief Financial Officer, Monmouth County Treasurer's Office and Freehold Regional School District

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010:

Equalized Valuation Basis	
2010	\$ 3,198,667,662.00
2009	3,341,020,364.00
2008	<u>3,444,427,240.00</u>
	<u>9,984,115,266.00</u>
Average Equalized Valuation of Taxable Property	\$ 3,328,038,422.00
Debt Limit (3% (a) of average equalization value)	99,841,152.66
Total Net Debt Applicable to Limit	<u>19,979,197.27</u>
Legal Debt Margin	<u>\$ 79,861,955.39</u>

	Fiscal Year Ending June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit	\$ 99,841,152.66	\$ 101,738,655.09	\$ 100,947,511.46	\$ 95,784,099.76	\$ 87,956,784.00	\$ 85,205,273.00	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Total Net Debt Applicable To Limit	<u>19,979,197.27</u>	<u>24,986,943.96</u>	<u>26,134,343.59</u>	<u>27,092,000.69</u>	<u>28,353,792.00</u>	<u>29,324,847.00</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Legal Debt Margin	<u>\$ 79,861,955.39</u>	<u>76,751,711.13</u>	<u>74,813,167.87</u>	<u>\$ 68,692,099.07</u>	<u>59,602,992.00</u>	<u>55,880,426.00</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	20.01%	24.56%	25.89%	28.28%	32.24%	34.42%	N/A	N/A	N/A	N/A

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 N.J.S.A. 18A:24-19 for a K through 8 district; other % limits would be applicable for other district types.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2010	N/A	N/A	N/A	7.30%
2009	10,065	\$ 551,270,115.00	\$ 54,771.00	7.20%
2008	10,062	571,068,810.00	56,755.00	4.30%
2007	10,091	552,996,891.00	54,801.00	3.40%
2006	10,153	522,422,615.00	51,455.00	4.60%
2005	10,180	485,830,320.00	47,724.00	4.50%
2004	10,165	468,260,890.00	46,066.00	4.80%
2003	10,077	432,928,074.00	42,962.00	5.30%
2002	9,964	426,648,516.00	42,819.00	5.30%
2001	9,748	423,423,876.00	43,437.00	3.60%

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.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2011			2002		
	# of Employees	Rank (Optional)	Percentage of Total Employment (b)	# of Employees	Rank (Optional)	Percentage of Total Employment
Earle Naval Base	640	1	14.01%	N/A		N/A
Delicious Orchards	250 (a)	2	5.47%	N/A		N/A
Colt Neck Township Board of Education	232	3	5.08%	N/A		N/A
Colts Neck Township	68	4	1.49%	N/A		N/A
Lairds	25	5	0.55%	N/A		N/A
	<u>1,215</u>		<u>26.59%</u>	<u>N/A</u>		<u>N/A</u>

Source: Municipal Records

(a) Estimate

(b) 4,569 per New Jersey Department of Labor 2010 Average Labor Force Estimates

COLTS NECK TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
UNAUDITED

Function/Program	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction:							
Regular	142	138	100	100	108	110	110
Special education	14	53	62	62	60	46	46
Support Services:							
Student & instruction related services	17	17	25	26	28	35	35
General administrative services	4	4	5	3	3	3	3
School administrative services	10	10	11	11	11	11	11
Central services	4	4	4	5	5	4	4
Plant operations and maintenance	16	16	16	16	18	19	18
Pupil transportation	27	27	29	29	29	28	26
Total	<u>234</u>	<u>269</u>	<u>252</u>	<u>252</u>	<u>262</u>	<u>256</u>	<u>253</u>

Source: District Personnel Records

COLTS NECK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Pupil/Teacher Ratio		Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010-2011	1,216	\$21,593,335.79	\$17,757.68	8.83%	156	9:01	8:01	1,219	1,161	-7.23%	95.24%
2009-2010	1,304	22,788,498.85	17,475.84	7.11%	156	9:01	8:01	1,314	1,249	-4.44%	95.05%
2008-2009	1,350	22,026,806.16	16,316.15	0.78%	165	10:01	10:01	1,375	1,310	-4.05%	95.27%
2007-2008	1,374	22,244,331.88	16,189.47	10.24%	162	11:01	10:01	1,433	1,365	-2.45%	95.25%
2006-2007	1,443	21,191,815.00	14,685.94	8.67%	162	11:01	10:01	1,469	1,405	-3.74%	95.64%
2005-2006	1,480	20,001,877.00	13,514.78	12.38%	156	10:01	10:01	1,526	1,457	0.46%	95.48%
2004-2005	1,511	18,170,575.00	12,025.53	10.28%	N/A	11:01	10:04	1,519	1,456	0.86%	95.85%
2003-2004	1,535	16,738,335.00	10,904.45	3.34%	N/A	11:01	10:01	1,506	1,454	N/A	96.55%
2002-2003	1,518	16,018,300.00	10,552.24	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001-2002	1,465	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources: 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).

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>District Buildings</u>										
<u>Early Learning Center</u>										
Conover Road Primary School (2003)										
Square Feet	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000
Capacity (students)	576	576	576	576	576	576	576	576	576	576
Enrollment	363	381	391	375	412	437	445			
<u>Elementary</u>										
Conover Road Elementary School										
Square Feet	81,099	81,099	81,099	81,099	81,099	81,099	81,099	81,099	81,099	81,099
Capacity (students)	574	574	574	574	574	574	574	574	574	574
Enrollment	398	434	473	471	488	484	489			
<u>Middle School</u>										
Cedar Drive Middle School										
Square Feet	89,345	89,345	89,345	89,345	89,345	89,345	89,345	89,345	89,345	89,345
Capacity (students)	603	603	603	603	603	603	603	603	603	603
Enrollment	462	486	509	508	533	540	568			
<u>Other</u>										
Administration Building										
Square Feet	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Transportation										
Square Feet	5,520	5,520	5,520	5,520	5,520	5,520				

Number of Schools at June 30, 2007

- Early Learning Center = 1
- Elementary = 1
- Middle School = 1
- Other = 2

Source: District records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

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

School Facilities * Project #(s)	Total	Cedar Drive Middle School	Conover Road Elementary School	Administration Building	Conover Road Primary School
2011	\$ 404,774.63	\$ 112,573.54	117,759.54	7,068.00	167,373.55
2010	442,802.00	107,150.00	86,399.00	7,082.00	242,171.00
2009	502,948.00	152,436.00	118,128.00	6,212.00	226,172.00
2008	435,808.00	103,773.00	84,507.00	9,539.00	237,989.00
2007	404,962.00	91,773.00	64,117.00	3,484.00	245,588.00
2006	412,170.00	103,147.00	73,700.00	2,830.00	232,493.00
2005	369,239.00	108,611.00	63,021.00	2,049.00	195,558.00
2004	314,591.00	68,272.00	83,459.00	6,940.00	155,920.00
2003	258,421.00	84,944.00	44,739.00	21,217.00	107,521.00
2002	188,501.00	115,094.00	64,098.00	9,309.00	
Total School Facilities \$	<u>2,886,640.00</u>	<u>\$ 828,050.00</u>	<u>\$ 595,769.00</u>	<u>\$ 61,580.00</u>	<u>\$ 1,401,241.00</u>

* - School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

COLTS NECK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>
Package Policy - School Alliance Insurance Fund (SAIF)			
Property:			
Blanket Buildings & Contents Limits	55,786,052	1,000	63,064
Comprehensive General Liability - Aggregate	5,000,000/5,000,000		Included
Comprehensive Automobile Liability	5,000,000		Included
Inland Marine - Computers	1,098,000		Included
Boiler Machinery	Included		Included
Excess Liability - SAIF	5,000,000		Included
School Board Legal Liability - Directors and Officers Policy MOCSSIF/NJSBAIG	1,000,000	5,000	19,178
Workers Compensation - MOCSSIF/NJSBAIG			158,308
Group Accident - Volunteers	100,000		362
Student Accident - Sports Only	1,000,000		4,560
AHERA Liability	500,000		1,300
Public Employees Faithful Performance Blanket Bond - SAIF			
Employee Dishonesty	100,000		Included
John A. Paredes - Business Administrator	100,000		280
John Antonides - Treasurer of School Monies	250,000		600

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

EXHIBIT "K-1"

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Honorable President and Members
of the Board of Education
Township of Colts Neck School District
County of Monmouth
Colts Neck, New Jersey 07722

We have audited the basic financial statements of the Township of Colts Neck School District, County of Monmouth, New Jersey as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 22, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Colts Neck School District, County of Monmouth, New Jersey internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Colts Neck School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Colts Neck School District'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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

SUPLEE, CLOONEY & COMPANY

Our consideration of the internal control over financial reporting was limited for the purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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. However we noted immaterial matters involving the internal control over financial reporting that we have reported to the Board of Education of the Township of Colts Neck School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated November 22, 2011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Colts Neck School District's basic 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 basic 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*. However we noted immaterial instances of noncompliance that we have reported to the Board of Education of the Township of Colts Neck School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated November 22, 2011.

This report is intended solely for the information and use of management and the Board of Education of the Township of Colts Neck School District, the New Jersey State Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

November 22, 2011



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-2"

308 East Broad Street, Westfield, New Jersey 07090-2122

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A -133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable President and Members
of the Board of Education
Township of Colts Neck School District
County of Monmouth
Colts Neck, New Jersey 07722

Compliance

We have audited the compliance of the Township of Colts Neck School District 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 Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended June 30, 2011. The Township of Colts Neck School District's major federal and state programs are identified in the summary of auditor's 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 Township of Colts Neck School District's management. Our responsibility is to express an opinion on Township of Colts Neck School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions 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 Township of Colts Neck School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township of Colts Neck School District's compliance with those requirements.

SUPLEE, CLOONEY & COMPANY

In our opinion, the Township of Colts Neck School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2011.

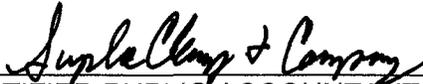
Internal Control Over Compliance

The management of the Township of Colts Neck School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township of Colts Neck School District'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 New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Colts Neck School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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 and the Board of Education of the Township of Colts Neck School District, the New Jersey State Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

November 22, 2011

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD		AWARD AMOUNT	BALANCE AT JUNE 30, 2010	CARRY OVER	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF P/Y'S BALANCE	BALANCE JUNE 30, 2011		DUE GRANTOR
		FROM	TO							(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	
Special Revenue Fund												
U.S. Department of Education												
Passed-through State Department of Education:												
General Fund												
Education Jobs Fund	84.410	9/1/10	8/31/12	\$49,007.00			\$44,328.00	(\$49,007.00)		(\$4,679.00)		
Impact Aid	84.041	9/1/10	8/31/11	624,663.00			\$624,663.00	(\$624,663.00)				
Total General Fund							668,991.00	(673,670.00)		(4,679.00)		
Special Revenue Fund												
Title II Part A	84.367	9/1/10	8/31/11	30,626.00			13,030.00	(27,356.74)		(14,326.74)		
Title II Part A	84.367	9/1/09	8/31/10	31,301.00	(\$8,424.00)		8,424.00					
Title IV	84.186	9/1/09	8/31/10	1,911.00	(1,008.00)		1,008.00					
I.D.E.A. Part B	84.027	9/1/10	8/31/11	233,909.00			205,531.00	(233,534.00)		(28,003.00)		
I.D.E.A. Part B	84.027	9/1/09	8/31/10	235,029.00	(7,975.00)	(1,100.00)	9,075.00					
I.D.E.A. Part B	84.027	9/1/09	8/31/10	235,029.00		1,100.00		(1,100.00)				
I.D.E.A. Preschool	84.173	9/1/10	8/31/11	20,881.00			16,833.00	(20,881.00)		(4,048.00)		
I.D.E.A. Preschool	84.173	9/1/09	8/31/10	10,472.00	(411.18)		411.18					
ARRA - I.D.E.A. Part B	84.391	9/1/09	8/31/10	272,735.00	(45,602.00)		45,602.00					
ARRA - I.D.E.A. Preschool	84.392	9/1/09	8/31/10	9,871.00	(968.76)		3,079.00	(4,883.24)		(2,773.00)		
Total U.S. Department of Education					(64,388.94)		302,993.18	(287,754.98)		(49,150.74)		
Total Special Revenue Fund					(64,388.94)		302,993.18	(287,754.98)		(49,150.74)		
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-through State Department of Education:												
U.S.D.A. Commodities Program	10.550	7/1/10	6/30/11	10,979.35			8,572.80	(3,774.09)			4,798.71	
U.S.D.A. Commodities Program	10.550	7/1/09	6/30/10	10,329.30	7,205.26			(7,205.26)				
National School Lunch Program	10.555	7/1/10	6/30/11	30,714.18			24,915.00	(30,714.18)		(5,799.18)		
National School Lunch Program	10.555	7/1/09	6/30/10	31,573.86	(3,334.77)		3,334.77					
Total Enterprise Fund					3,870.49		36,822.57	(41,693.53)		(5,799.18)	4,798.71	
Total Federal Financial Assistance					(\$60,518.45)		\$1,008,806.75	(\$1,003,118.51)		(\$59,628.92)	\$4,798.71	

See accompanying notes to schedules of financial assistance.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2010			ADJUSTED BALANCE AT 06/30/10	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEARS BALANCES	BALANCE JUNE 30, 2011			MEMO CUMULATIVE	
				DEFERRED REVENUE (ACCTS REC)	DUE TO GRANTOR	PRIOR PERIOD ADJUSTMENTS					(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE GRANTOR	BUDGETARY RECEIVABLE	TOTAL EXPENDITURES
State Department of Education															
General Funds:															
Categorical Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	451,410.00					51,429.00		(51,429.00)					451,410.00
Categorical Security Aid	10-495-034-5120-084	7/1/09-6/30/10	96,597.00					11,002.00		(11,002.00)					96,597.00
Categorical Transportation Aid	10-495-034-5120-078	7/1/09-6/30/10	749,897.00					85,439.00		(85,439.00)					749,897.00
Categorical Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	417,855.00					381,014.00	(417,855.00)	36,841.00			36,841.00	417,855.00	
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	221,332.00						(221,332.00)		(221,332.00)		221,332.00	221,332.00	
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	336,598.00	(336,598.00)			(336,598.00)	336,598.00						336,598.00	
Non-Public Transportation Aid	11-100-034-5120-068	7/1/10-6/30/11	31,606.52						(31,606.52)		(31,606.52)		31,606.52	31,606.52	
Non-Public Transportation Aid	10-100-034-5120-068	7/1/09-6/30/10	27,089.00	(27,089.00)			(27,089.00)	27,089.00						27,089.00	
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	753,721.87					753,721.87	(753,721.87)					753,721.87	
Total General Funds				(363,687.00)			(363,687.00)	1,646,292.87	(1,424,515.39)	(111,029.00)	(252,938.52)		289,779.52	3,086,106.39	
Capital Projects Fund:															
Addition to Elementary School	SP#0945-030-04-1000	09/1/04-09/1/07	147,958.81	(64,736.00)		115.46	(64,620.54)	64,620.54					(64,736.00)	83,222.81	
Total Capital Projects Fund				(64,736.00)		115.46	(64,620.54)	64,620.54					(64,736.00)	83,222.81	
Debt Service Fund:															
Debt Service Aid Type II	10-100-034-5120-125	7/1/10-6/30/11	136,074.00					136,074.00	(136,074.00)					136,074.00	
Total Debt Service Fund								136,074.00	(136,074.00)					136,074.00	
Enterprise Fund:															
National School Lunch Program (State Share)	09-100-034-5120-122	7/1/10-6/30/11	3,393.82					2,716.82	(3,392.82)		(676.00)			3,393.82	
National School Lunch Program (State Share)	10-100-034-5120-122	7/1/09-6/30/10	3,731.54	(390.58)			(390.58)	390.58					390.58	3,731.54	
Total Enterprise Fund				(390.58)			(390.58)	3,107.40	(3,392.82)		(676.00)		390.58	7,125.36	
Total State Financial Assistance Subject to OMB 04-04				(\$428,813.58)		\$115.46	(\$428,698.12)	\$1,850,094.81	(\$1,563,982.21)	(\$111,029.00)	(\$253,614.52)		\$225,434.10	\$3,312,528.56	
On Behalf TPAF Contributions Not Subject to OMB 04-04:															
On-behalf TPAF non-contributory insurance								31,763.00	(31,763.00)						
On-behalf TPAF post retirement medical								674,639.00	(674,639.00)						
Total State Financial Assistance								\$2,556,496.81	(\$2,270,384.21)						

See accompanying notes to schedules of financial assistance.

Township of Colts Neck School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2011

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Township of Colts Neck 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 the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule 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 and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 state aid payment 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 state aid payment 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 GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Township of Colts Neck School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2011

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$111,029.00) for the general fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$673,670.00	\$2,241,946.39	\$2,915,616.39
Special Revenue Fund	287,754.98		287,754.98
Debt Service Fund		136,074.00	136,074.00
Food Service Fund	41,693.53	3,392.82	45,086.35
	<u>\$1,003,118.51</u>	<u>\$2,381,413.21</u>	<u>\$3,384,531.72</u>
GAAP Adjustment		(111,029.00)	(\$111,029.00)
Total Awards & Financial Assistance	<u>\$1,003,118.51</u>	<u>\$2,270,384.21</u>	<u>\$3,273,502.72</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: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF pension contributions reported in the financial statements represents the amount paid by the state on behalf of the district for the year ended June 30, 2011.

Township of Colts Neck School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|-------------|
| (1) | Type of Auditor’s Report Issued: | Unqualified |
| (2) | Internal Control Over Financial Reporting: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s)

- | | | |
|-----|--|-------------|
| (1) | Internal Control Over Major Federal Programs: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unqualified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with Section.510(a) of Circular OMB A-133? | No |

Township of Colts Neck School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section I – Summary of Auditor’s Results (Continued)

Federal Program(s) (Continued)

(4) Identification of Major Federal Program(s):

<u>Program</u>	<u>Grant Number</u>
Impact Aid	84.041

(5) Program Threshold Determination:

Type A Federal Program Threshold > \$300,000.00

Type B Federal Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

Township of Colts Neck School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
 - (a) Material weakness identified? No
 - (b) Significant deficiencies identified that are not considered to be material weaknesses? N/A
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unqualified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? No
- (4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Categorical Special Education Aid	10-495-034-5095-089

Township of Colts Neck School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section I – Summary of Auditor’s Results (Continued)

State Program(s) Continued)

- (5) Program Threshold Determination:
Type A State Program Threshold > \$300,000.00
Type B State Program Threshold <= \$300,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

Section II – Financial Statement Audit – Reported Findings
Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Township of Colts Neck School District

Schedule of Prior Year Audit Findings

Not Applicable

