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, 2014

Prepared by

Colts Neck Township, Board of Education
Finance Department

TABLE OF CONTENTS

		Page
INTRODUCTORY SECTION		
Letter of Transmittal		1-5
Roster of Officials		6
Consultants and Advisors		7
Organizational Chart		8
FINANCIAL SECTION		
Independent Auditor's Report		9-11
REQUIRED SUPPLEMENTARY INFORMATION - Part I		12
Management’s Discussion and Analysis (Unaudited)		13-22
BASIC FINANCIAL STATEMENTS		23
A. District-Wide Financial Statements:		24
A-1	Statement of Net Position	25
A-2	Statement of Activities	26
B. Major Fund Financial Statements:		27
Governmental Funds:		
B-1	Balance Sheet	28-29
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	30
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Other Funds:		32
Proprietary Funds:		
B-4	Statement of Net Position	33
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Position	34
B-6	Statement of Cash Flows	35
Fiduciary Funds:		
B-7	Statement of Fiduciary Net Position	36
B-8	Statement of Changes in Fiduciary Net Position	37
Notes to the Financial Statements		38-72

TABLE OF CONTENTS (Continued)

		Page
REQUIRED SUPPLEMENTARY INFORMATION - Part II		73
C. Budgetary Comparison Schedules:		74
C-1	Comparative Statements of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund	75-81
C-1A	General Fund – ARRA Education Jobs Fund	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	82
C-3	Budget to GAAP Reconciliation	83
OTHER SUPPLEMENTARY INFORMATION		84
D. School Level Schedules		N/A
E. Special Revenue Fund:		85
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	86
E-2	Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3	Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E–4	Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5	Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund		87
F-1	Summary Statement of Project Expenditures - Budgetary Basis	88
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	89
F-2a	Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Addition to Elementary School - Budgetary Basis	90
F-2b	Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Conover Road Primary School - Roof Replacement	91
G. Proprietary Funds		92
Enterprise Fund:		
G-1	Combining Statement of Net Position	93
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	94
G-3	Combining Statement of Cash Flows	95

TABLE OF CONTENTS (Continued)

		Page
H. Fiduciary Fund		96
H-1	Combining Statement of Fiduciary Net Position	97
H-2	Combining Statement of Changes in Fiduciary Net Position	98
H-3	Schedule of Receipts and Disbursements - Student Activity Agency Fund	99
H-4	Schedule of Receipts and Disbursements - Payroll Agency Fund	100
H-5	Schedule of Receipt and Disbursements - Other Agency Funds	N/A
I. Long-Term Debt		101
I-1	Schedule of Serial Bonds	102
I-2	Schedule of Obligations Under Capital Leases	103
I-3	Budgetary Comparison Schedule - Debt Service Fund	104
STATISTICAL SECTION - UNAUDITED		
J-1	Net Position by Component	105
J-2	Changes in Net Position	106-107
J-3	Fund Balances - Governmental Funds	108
J-4	Changes in Fund Balances - Governmental Funds	109
J-5	General Fund Other Local Revenue by Source	110
J-6	Assessed Value and Actual Value of Taxable Property	111
J-7	Direct and Overlapping Property Tax Rates	112
J-8	Principal Property Tax Payers - Current Year and Nine Years Ago	113
J-9	Property Tax Levies and Collections	114
J-10	Ratios of Outstanding Debt by Type	115
J-11	Ratios of Net Bonded Debt Outstanding	116
J-12	Direct and Overlapping Governmental Activities Debt	117
J-13	Legal Debt Margin Information	118
J-14	Demographic and Economic Statistics	119
J-15	Principal Employers - Current Year and Nine Years Ago	120
J-16	Full-Time Equivalent District Employees by Function/Program	121
J-17	Operating Statistics	122
J-18	School Building Information	123
J-19	Schedule of Required Maintenance	124
J-20	Insurance Schedule	125

TABLE OF CONTENTS (Continued)

		Page
SINGLE AUDIT SECTION		
K-1	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	126-127
K-2	Independent Auditor’s Report on Compliance with Requirements Applicable to Major Federal and State Financial Assistance Programs and Internal Control Over Compliance in Accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04	128-129
K-3	Schedule of Expenditures of Federal Awards, Schedule A	130
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	131
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	132-133
K-6	Schedule of Findings and Questioned Costs	134-135
K-7	Schedule of Prior Audit Findings	136

INTRODUCTORY SECTION

Colts Neck Township Schools

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Colts Neck, New Jersey 07722
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Fredrik Oberkehr, Ed.D.
Superintendent of Schools
Ext. 4104

Vincent S. Marasco
Business Administrator/Board Secretary
Ext. 4101

November 5, 2014

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Colts Neck Township School District for the fiscal year ended June 30, 2014, 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 principle ordeals. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multiyear 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) <u>REPORTING ENTITY AND ITS SERVICES</u>:
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 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 2013-14 fiscal year with an enrollment of 1008 students, which is 108 students below the previous year's ending enrollment. The following details the changes in the student enrollment of the District over the last eleven years.

Fiscal Year	Student Enrollment	Percent Change
2013-14	995	-8.9%
2012-13	1093	-6.6%
2011-12	1170	-3.8%
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%

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 school system is Pre-K 8 with three schools and an administration building. The total resident student population at June 30, 2014 was 1008 and is expected to decrease to 934 for the 2014-15 school year: a difference of 74 less students. Since 2003-04 the student enrollment has decreased in the district by approximately thirty-five percent (35%). 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 2014-15 school year, the Total Budgetary Comparative Per Pupil Cost is projected to be $20,786. The 2013-14 State Average Budgetary Per Pupil Cost was $14,781, per the NJ Department of Education Taxpayers' Guide to Education Spending 2014.

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.

In addition, the district made efforts to expand enrichment opportunities for all students, introduced full-day kindergarten, launched pilots of NWEA MAP testing, a 1:1 initiative in science and Making Meanings for support to our literacy program. The district prepared for PARCC by participating in the field test and improving our network infrastructure.

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 2013-14 compared with the state averages are as follows:

I. Fourth Grade/ASK-4

	2012-13 Advanced and Proficient	2012-13 Advanced and Proficient	2013-14 Advanced and Proficient	2013-14 Advanced and Proficient
	COLTS NECK	STATE	COLTS NECK	STATE
Language Arts	78.1	59.4	69.9	59.8
Mathematics	91.2	78.3	90.4	74.9
Science	96.5	89.5	96.5	88.6

II. Eighth Grade NJASK

	2012-13 Advanced and Proficient	2012-13 Advanced and Proficient	2013-14 Advanced and Proficient	2013-14 Advanced and Proficient
	COLTS NECK	STATE	COLTS NECK	STATE
Language Arts	94.8	81.9	93.6	79.8
Mathematics	88.3	69.3	90.8	70.5
Science	92.4	79.0	95.8	78.9

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 are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balances, June 30, 2014.

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, 2014, the District's outstanding debt issues included $16,225,000.00 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:
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.

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,

Dr. Fredrik Oberkehr
Superintendent of School

Vincent S. Marasco
Business Administrator/Board Secretary
vsm/dd

COLTS NECK TOWNSHIP BOARD OF EDUCATION

Colts Neck, New Jersey

ROSTER OF OFFICIALS
June 30, 2014

Members of the Board of Education	**Term Expires**
Fred Garber, President	2015
Kimberly Raymond, Vice President	2016
Joseph Cammarata	2017
Kimberly Eydelman	2017
Sandy Freeman	2016
Kathryn Gizzo	2015
Jeanne V. Heck	2016
Jacquelyn Hoagland	2017
Irene Sessa	2015

Other Officials

Dr. Fredrik Oberkehr, Superintendent

Vincent S. Marasco, Business Administrator/Board Secretary

John Antonides, Treasurer

COLTS NECK TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

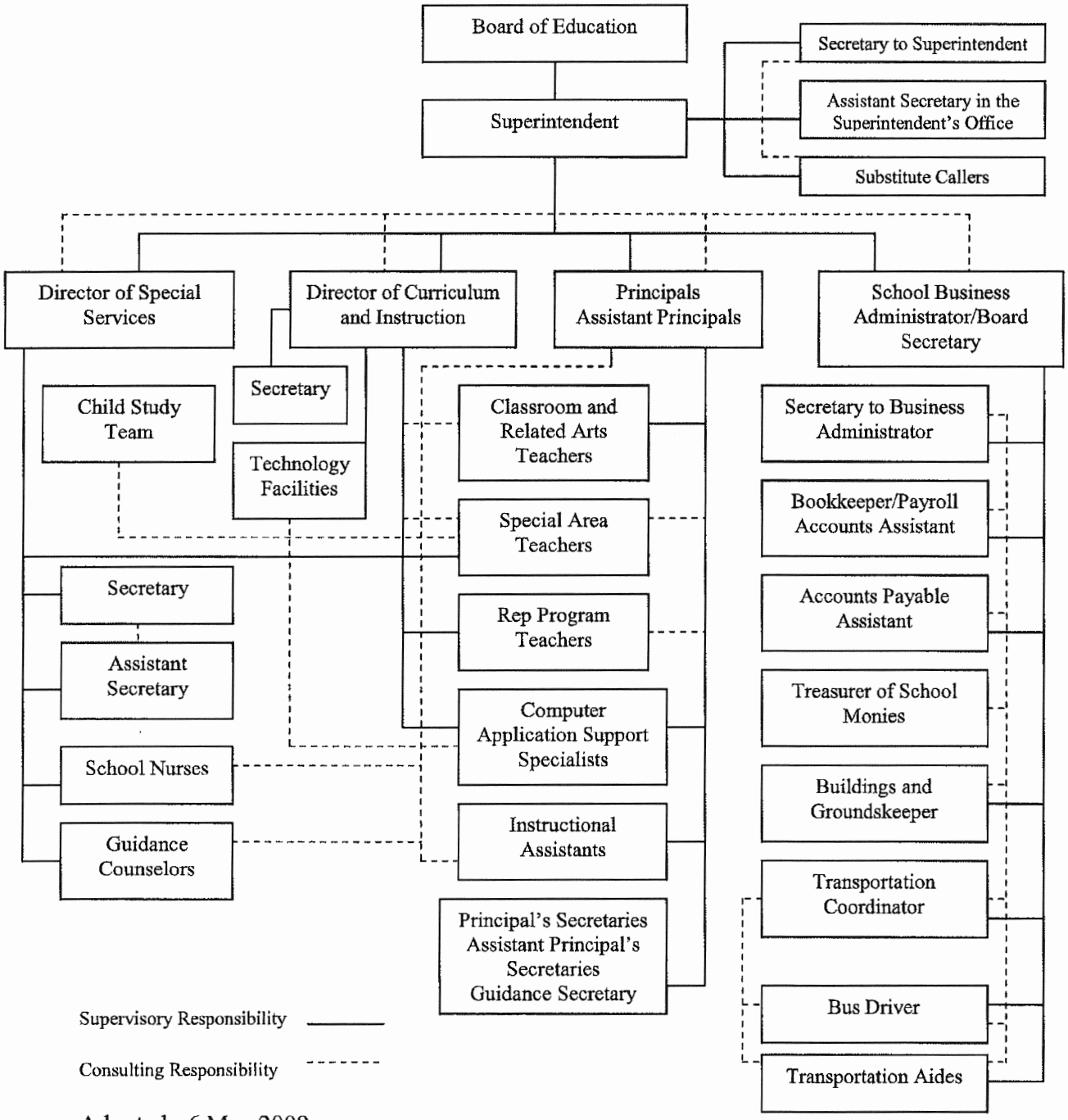
Suplee, Clooney, and Company
308 East Broad Street
Westfield, New Jersey 07090-2122

Attorney

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

Official Depository

PNC Bank, NA
Highway 34, P. O. Box 63
Colts Neck, NJ 07722



Adopted: 6 May 2009

FINANCIAL SECTION

SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
308 East Broad Street, Westfield, New Jersey 07090-2122
Telephone 908-789-9300 Fax 908-789-8535
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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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Colts Neck School District, County of Monmouth, New Jersey as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Colts Neck School District, County of Monmouth, New Jersey as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information in Exhibit C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Colts Neck School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2014 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Colts Neck School District's internal control over financial reporting and compliance.

Suplee, Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

November 5, 2014

PUBLIC SCHOOL ACCOUNTANT NO. 93

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014
UNAUDITED

The Management's Discussion and Analysis of the Township of Colts Neck School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2014. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments.

Financial Highlights

In the District-Wide Financial Statements:

- Net position of Governmental Activities increased $216,443.15 or 1.22%
- Net position of the Business-type Activities decreased by $95,280.95 or 58.29%. This was due in large part to the discontinuance of the Kindergarten Complement Program, as full-day Kindergarten was instituted.

In the Major Fund Financial Statements:

- Governmental fund expenditures exceed revenues by $144,730.90.
- Among governmental funds, the General Fund's fund balance decreased $79,752.13.

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District, District–wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.

Overview of the Financial Statements (Continued)

- Major Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.

- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

- Proprietary Funds Statements offer short and long-term financial information about the activities the District operates like a business, which include food services.

- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.

District-Wide Financial Statements

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

The District-wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

District-wide Financial Statements (Continued)

In the District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.

- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service, kindergarten compliment, & preschool tuition accounts are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- Governmental Funds: The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that 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 you 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 government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.

Fund Financial Statements (Continued)

- Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.

- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the position belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

The District's combined net position has increased from the 2012-2013 fiscal year. The net position from governmental activities increased $216,443.15 Net position from business-type activities decreased $95,280.95.

Table 1 below reflects the District's net position as a whole for the Fiscal years 2014 and 2013.

TABLE 1
Net Assets

ASSETS	FY2014	FY2013
Current & Other Assets	$5,256,333.78	$5,950,710.80
Capital Assets	30,297,120.47	30,997,289.13
TOTAL ASSETS	35,553,454.25	36,947,999.93
LIABILITIES		
Long-Term Liabilities	17,025,577.86	16,978,386.86
Other Liabilities	495,649.78	2,043,481.57
TOTAL LIABILITIES	17,521,227.64	19,021,868.43
NET ASSETS		
Net investment in capital assets	13,855,681.11	13,521,155.68
Restricted	2,268,872.71	2,495,798.93
Unrestricted	1,907,672.79	1,894,109.80
TOTAL NET ASSETS	$18,032,226.61	$17,911,064.41

Table 2 shows changes in net assets for fiscal years 2014 and 2013.

TABLE 2
CHANGES IN NET ASSETS

	FY2014	FY2013
Revenues		
Program Revenues		
Charges for Services	332,315.01	496,296.82
Operating Grants & Contributions	2,258,593.78	2,524,596.73
General Revenues		
Property Taxes	20,922,199.00	20,844,176.00
Grants (includes State Aid)		
& Entitlements	1,952,130.00	3,268,417.70
Other Revenues	156,192.02	478,884.92
	25,621,429.81	27,612,372.17
Expenses:		
Instruction	14,186,336.27	14,907,139.46
Pupils and Instructional Staff	3,992,656.67	3,341,786.38
General & School Administration,		
Central Services &		
Administrative Technology	2,406,707.14	2,193,524.39
Maintenance	2,216,704.94	2,064,402.61
Transportation	1,465,885.80	1,336,347.03
Interest on Long-Term Debt	825,638.37	856,938.18
Other		6,437.82
Business-Type	406,338.42	579,611.71
Disposal of capital assets		
Total Expenses	25,500,267.61	25,286,187.58
Change in Assets	121,162.20	2,326,184.59
Net Assets July 1,	17,911,064.41	15,584,879.82
Net Assets June 30,	18,032,226.61	17,911,064.41

Sources of Revenue for Fiscal Year 2014

In the District Wide Financial Statements, the District's total revenue for the 2013-2014 school year was $25,621,429.81 as reflected in Table 3 below. Property taxes accounted for 81 percent of the total revenue with the other 19 percent consisting of federal & state aid, charges for service, operating grants & contributions, and miscellaneous sources. Table 3 below summarizes these revenues for FY2014 and FY2013.

Expenses for the Fiscal Year 2014

TABLE 3
DISTRICT-WIDE REVENUES

	FY2014		FY2013	
	Amount	Percentage	Amount	Percentage
Property Taxes	$20,922,199.00	81.00%	20,844,176.00	76.00%
Federal & State Grants not Restricted	1,952,130.00	8.00%	3,135,836.00	11.00%
Federal & State Aid Restricted			132,581.70	
Miscellaneous Income	156,192.02	1.00%	478,884.92	2.00%
Charges for Services	332,315.01	1.00%	496,296.82	2.00%
Operating Grants and Contributions	2,258,593.78	9.00%	2,524,596.73	9.00%
	$25,621,429.81	100.00%	$27,612,372.17	100.00%

The total expenditures for the 2013-2014 fiscal year for all programs and services were $25,500,267.61. Table 4 below summarizes these program costs.

TABLE 4
DISTRICT-WIDE EXPENSES

	FY2014		FY2013	
	Amount	Percentage	Amount	Percentage
Instruction	$14,186,336.27	55.00%	14,797,377.97	59.00%
Pupils and Instructional Staff	3,992,656.67	16.00%	3,318,441.59	13.00%
General & School Adm., Central Services & Adm. Technology	2,406,707.14	9.00%	2,175,913.42	9.00%
Maintenance	2,216,704.94	9.00%	2,054,573.22	8.00%
Transportation	1,465,885.80	6.00%	1,496,893.67	6.00%
Interest on Long-Term Debt	825,638.37	3.00%	856,938.18	3.00%
Other			6,437.82	
Business-Type	406,338.42	2.00%	579,611.71	2.00%
	$25,500,267.61	100.00%	$25,286,187.58	100.00%

The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through eight, which accounts for 77 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in both school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under this accounting reporting model; expenses therefore include $1,139,463.37 for depreciation.

Governmental Activities

Table 5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of District activities. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

TABLE 5
NET COST OF SERVICES

	Total Cost of Services FY2014	Total Cost of Services FY2013	Net Cost of Services FY2014	Net Cost of Services FY2013
Instruction	$14,186,336.27	$14,797,377.97	$12,783,710.51	$13,155,230.41
Pupils and Instructional Staff	3,992,656.67	3,318,441.59	3,345,879.48	2,697,680.88
General & School Adm., Central Services & Administrative Tech.	2,406,707.14	2,175,913.42	2,299,756.32	2,035,378.55
Maintenance	2,216,704.94	2,054,573.22	2,216,704.94	2,054,573.22
Transportation	1,465,885.80	1,496,893.67	1,465,885.80	1,496,893.67
Interest on Long-Term Debt	825,638.37	856,938.18	766,121.37	798,966.18
Business-Type	406,338.42	579,611.71	31,300.40	20,133.30
Other		6,437.82		6,437.82
Total Expenses	$25,500,267.61	$25,286,187.58	$22,909,358.82	$22,265,294.03

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts as needed to account for staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials and equipment to meet various program needs.

Capital Assets

During the fiscal year 2013-2014 the District's depreciation expense exceeded capital acquisitions, therefore capital assets net of depreciation decreased by $690,655.48. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

Table 6
Capital Assets (Net of Depreciation) at June 30,

	2014	2013
Land	$7,114,624.00	$7,114,624.00
Site Improvements	$424,933.18	$391,509.74
Building Improvements	21,477,943.82	22,097,093.70
Machinery and Equipment	1,269,288.31	1,374,217.35
	$30,286,789.31	$30,977,444.79

Debt Administration

At June 30, 2014, the District had $17,025,577.86 of outstanding long-term debt, consisting of bonds payable, compensated absences, and capital leases. The District will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

Table 7
Long-Term Debt, June 30

	FY 2014	FY 2013
Capital Leases	216,439.36	356,066.36
Compensated Absences	584,138.50	536,947.50
Bonds Payable	16,225,000.00	17,105,000.00
	$17,025,577.86	$17,998,013.86

Contacting the District's Financial Management

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 District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Mr. Vincent S. Marasco, School Business Administrator/Board Secretary, Colts Neck Township School District, 70 Conover Road, Colts Neck, New Jersey 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, 2014

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position 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.

EXHIBIT "A-1"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	$2,449,180.69	$92,472.24	$2,541,652.93
Receivables, net	465,294.35	8,398.29	473,692.64
Inventory		15,729.23	15,729.23
Restricted assets:			
Restricted cash and cash equivalents	2,225,258.98		2,225,258.98
Capital assets:			
Land and construction in progress	7,114,624.00		7,114,624.00
Other capital assets net of depreciation	23,172,165.31	10,331.16	23,182,496.47
Total Assets	35,426,523.33	126,930.92	35,553,454.25
LIABILITIES:			
Accounts payable	71,413.11	23,097.18	94,510.29
Unearned revenue	30,353.51	38,422.23	68,775.74
Accrued interest payable	332,363.75		332,363.75
Noncurrent liabilities:			
Due within one year:			
Bonds and capital leases payable	997,403.00		997,403.00
Due beyond one year:			
Compensated absences payable	584,138.50		584,138.50
Bonds and capital leases payable	15,444,036.36		15,444,036.36
Total liabilities	17,459,708.23	61,519.41	17,521,227.64
NET POSITION:			
Net investment in capital assets	13,845,349.95	10,331.16	13,855,681.11
Restricted for:			
Capital projects fund	93,693.40		93,693.40
Other purposes	2,506,793.93		2,506,793.93
Unrestricted	1,520,977.82	55,080.35	1,576,058.17
Total net position	$17,966,815.10	$65,411.51	$18,032,226.61

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT "A-2"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2014

Functions/Programs	Expenses	Indirect Cost Allocation	Programs Revenues: Charges for Services	Programs Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
Instruction:							
Regular	$ 9,164,646.33	$ 978,761.54	$	$ 992,901.36	$ (9,150,506.51)	$	$ (9,150,506.51)
Special	3,340,355.24			332,651.30	(3,007,703.94)		(3,007,703.94)
Other Instruction	702,573.16			77,073.10	(625,500.06)		(625,500.06)
Support services:							
Student and instruction related services	3,981,731.47	10,925.20		646,777.19	(3,345,879.48)		(3,345,879.48)
General administrative services	989,824.67	(3,485.00)			(986,339.67)		(986,339.67)
School administrative services	949,389.73	(3,647.97)		106,950.82	(838,790.94)		(838,790.94)
Central service	374,700.01	765.00			(375,465.01)		(375,465.01)
Administrative information technology	99,160.70				(99,160.70)		(99,160.70)
Plant operations and maintenance	2,185,505.04	31,199.90			(2,216,704.94)		(2,216,704.94)
Pupil transportation	1,293,750.10	172,135.70			(1,465,885.80)		(1,465,885.80)
Interest on long-term debt	825,638.37			59,517.00	(766,121.37)		(766,121.37)
Unallocated depreciation	1,139,463.37	(1,139,463.37)					
Total governmental activities	25,046,738.19	47,191.00		2,215,870.77	(22,878,058.42)		(22,878,058.42)
Business-type activities							
Food service	352,637.00		275,075.01	42,723.01		(34,838.98)	(34,838.98)
Preschool tuition program	53,701.42		57,240.00			3,538.58	3,538.58
Total business-type activities	406,338.42		332,315.01	42,723.01		(31,300.40)	(31,300.40)
Total primary government	$ 25,453,076.61	$ 47,191.00	$ 332,315.01	$ 2,258,593.78	$ (22,878,058.42)	$ (31,300.40)	$ (22,909,358.82)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					$ 19,378,243.00	$	$ 19,378,243.00
Taxes levied for debt service					1,543,956.00		1,543,956.00
Federal and state aid not restricted					1,952,130.00		1,952,130.00
Federal and state aid restricted							
Miscellaneous income					156,139.17	52.85	156,192.02
Transfers					64,033.40	(64,033.40)	
Total general revenues and special items					23,094,501.57	(63,980.55)	23,030,521.02
Change in net position					216,443.15	(95,280.95)	121,162.20
Net position - beginning (restated)					17,750,371.95	$ 160,692.46	17,911,064.41
Net position - ending					$ 17,966,815.10	$ 65,411.51	$ 18,032,226.61

The accompanying Notes to the Financial Statements are an integral part of this statement.

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.

EXHIBIT "B-1"
SHEET #1

COLTS NECK TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	$ 2,621,625.61	$	$ 93,565.95	$ 1,464.13	$ 2,716,655.69
Cash, capital reserve	1,957,783.98				1,957,783.98
Due from other funds	80,750.81		127.45		80,878.26
Receivables from other governments	373,279.35	92,015.00			465,294.35
Total assets	$ 5,033,439.75	$ 92,015.00	$ 93,693.40	$ 1,464.13	$ 5,220,612.28
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	$ 66,892.43	$ 4,520.68	$	$	$ 71,413.11
Interfund payables	127.45	80,750.81			80,878.26
Unearned revenue	23,610.00	6,743.51			30,353.51
Total liabilities	90,629.88	92,015.00			182,644.88
Fund balances:					
Restricted:					
Capital reserve account	1,957,783.98				1,957,783.98
Emergency reserve account	93,000.00				93,000.00
Maintenance reserve account	174,475.00				174,475.00
Excess surplus	281,534.95				281,534.95
Capital projects fund			93,693.40		93,693.40
Debt service fund				749.13	749.13
Committed:					
Designated for subsequent years expenditures	970,400.00			715.00	971,115.00
Assigned:					
Encumbrances	228,345.21				228,345.21
Unassigned	1,237,270.73				1,237,270.73
Total fund balances	4,942,809.87		93,693.40	1,464.13	5,037,967.40
Total liabilities and fund balances	$ 5,033,439.75	$ 92,015.00	$ 93,693.40	$ 1,464.13	$ 5,220,612.28

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT "B-1"
SHEET #2

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

Total Fund Balances (Brought Forward)		$5,037,967.40
Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	$49,739,464.28	
Accumulated Depreciation	(19,452,674.97)	
		30,286,789.31
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	(584,138.50)	
Bonds Payable	(16,225,000.00)	
Capital Leases	(216,439.36)	
		(17,025,577.86)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accrued Interest Payable	(332,363.75)	
		(332,363.75)
Net Position of Governmental Activities		$17,966,815.10

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT "B-2"

COLTS NECK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	$ 19,378,243.00	$	$	$ 1,543,956.00	$ 20,922,199.00
Miscellaneous	154,979.22	6,743.51		362.13	162,084.86
Interest on capital reserve	797.82				797.82
Total - local sources	19,534,020.04	6,743.51		1,544,318.13	21,085,081.68
State sources	3,156,353.45			135,266.00	3,291,619.45
Federal sources	623,067.00	246,570.81			869,637.81
Total revenues	23,313,440.49	253,314.32		1,679,584.13	25,246,338.94
EXPENDITURES:					
Current expense:					
Regular instruction	9,164,646.33				9,164,646.33
Special instruction	3,332,276.79	8,078.45			3,340,355.24
Other Instruction	702,573.16				702,573.16
Support services:					
Student and instruction related services	3,736,495.60	245,235.87			3,981,731.47
General administrative services	989,824.67				989,824.67
School administrative services	949,389.73				949,389.73
Central services	374,700.01				374,700.01
Administrative information technology	99,160.70				99,160.70
Plant operations and maintenance	2,185,505.04				2,185,505.04
Pupil transportation	1,293,750.10				1,293,750.10
Debt service:					
Principal	139,627.00			880,000.00	1,019,627.00
Interest				800,529.50	800,529.50
Capital outlay	489,276.89				489,276.89
Total expenditures	23,457,226.02	253,314.32		1,680,529.50	25,391,069.84
Excess (deficiency) of revenues over (under) expenditures	(143,785.53)			(945.37)	(144,730.90)
Other financing sources (uses):					
Transfers in/(out)	64,033.40				64,033.40
Total other financing sources (uses)	64,033.40				64,033.40
Net change in fund balances	(79,752.13)			(945.37)	(80,697.50)
Fund balances, July 1, 2013	5,022,562.00	$ -0-	$ 93,693.40	$ 2,409.50	5,118,664.90
Fund balances, June 30, 2014	$ 4,942,809.87	$ -0-	$ 93,693.40	$ 1,464.13	$ 5,037,967.40

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT "B-3"

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, 2014

Total net change in fund balances - governmental funds (from B-2)		($80,697.50)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period		
Depreciation expense		(1,139,463.37)
Capital outlays	$489,276.89	
Less: Capital Outlays not capitalized	(40,469.00)	
		448,807.89
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		880,000.00
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Payment of capital lease payable		139,627.00
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.		15,360.13
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 (+).		(47,191.00)
Change in net position of governmental activities (A-2)		$216,443.15

The accompanying Notes to the Financial Statements are an integral part of this statement.

OTHER FUNDS

EXHIBIT "B-4"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		
	MAJOR FUNDS		
	FOOD SERVICE FUND	PRESCHOOL TUITION PROGRAM FUND	TOTAL JUNE 30, 2014
ASSETS:			
Current assets:			
Cash and cash equivalents	$32,400.22	$60,072.02	$92,472.24
Accounts receivable:			
State	535.93		535.93
Federal	6,662.36		6,662.36
Other		1,200.00	1,200.00
Inventories	15,729.23		15,729.23
Total current assets	55,327.74	61,272.02	116,599.76
Noncurrent assets:			
Furniture, machinery and equipment	241,305.00		241,305.00
Less accumulated depreciation	(230,973.84)		(230,973.84)
Total noncurrent assets	10,331.16		10,331.16
Total assets	65,658.90	61,272.02	126,930.92
LIABILITIES:			
Current liabilities:			
Accounts Payable	23,097.18		23,097.18
Unearned revenue	10,442.23	27,980.00	38,422.23
Total current liabilities	33,539.41	27,980.00	61,519.41
Total liabilities	33,539.41	27,980.00	61,519.41
NET POSITION:			
Net investment in capital assets	10,331.16		10,331.16
Unrestricted	21,788.33	33,292.02	55,080.35
Total net position	$32,119.49	$33,292.02	$65,411.51

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT "B-5"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	MAJOR FUNDS		NON-MAJOR FUND	
	FOOD SERVICE FUND	PRESCHOOL TUITION PROGRAM FUND	KINDERGARTEN COMPLEMENT FUND	TOTAL JUNE 30, 2014
OPERATING REVENUES:				
Charges for services:				
Daily sales	$275,075.01			$275,075.01
Tuition - individuals		$57,240.00		57,240.00
Total operating revenues	275,075.01	57,240.00		332,315.01
OPERATING EXPENSES:				
Cost of sales	95,084.66			95,084.66
Salaries	128,580.93	41,999.42		170,580.35
Employee benefits	36,888.41	10,702.00		47,590.41
Supplies and materials	23,069.21	1,000.00		24,069.21
Management Fees	20,214.00			20,214.00
Miscellaneous	47,915.88			47,915.88
Depreciation	883.91			883.91
Total operating expenses	352,637.00	53,701.42		406,338.42
Operating income (loss)	(77,561.99)	3,538.58		(74,023.41)
NON-OPERATING REVENUES (EXPENSES):				
State sources:				
State school lunch program	2,420.69			2,420.69
Federal sources:				
National school lunch program	30,930.89			30,930.89
National food distribution commodities	9,371.43			9,371.43
Interest	52.85			52.85
Total non-operating revenues (expenses)	42,775.86			42,775.86
Income/(loss) before contributions and transfers	(34,786.13)	3,538.58		(31,247.55)
Other financing sources/(uses):				
Transfers in/(out)	20,000.00		(84,033.40)	(64,033.40)
Total other financing uses	20,000.00		(84,033.40)	(64,033.40)
Change in net position	(14,786.13)	3,538.58	(84,033.40)	(95,280.95)
Total net position - beginning (as restated)	46,905.62	29,753.44	84,033.40	160,692.46
Total net position - ending	$32,119.49	$33,292.02		$65,411.51

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT "B-6 "

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	MAJOR FUNDS		NON-MAJOR FUND	
	FOOD SERVICE FUND	PRESCHOOL TUITION PROGRAM FUND	KINDERGARTEN COMPLEMENT FUND	TOTAL JUNE 30, 2014
Cash flows from operating activities:				
Receipts from customers	$274,561.67	$61,745.00	$540.00	$336,846.67
Payments to employees	(128,580.93)	(41,999.42)		(170,580.35)
Payments to employee benefits	(36,888.41)	(10,702.00)		(47,590.41)
Payments to suppliers	(182,340.20)	(1,000.00)		(183,340.20)
Net cash provided by (used for) operating activities	(73,247.87)	8,043.58	540.00	(64,664.29)
Cash flows from noncapital financing activities:				
State sources	2,139.22			2,139.22
Federal sources	27,744.25			27,744.25
Operating subsidies and transfers to other funds	20,000.00		(84,033.40)	(64,033.40)
Net cash provided by noncapital financing activities	49,883.47		(84,033.40)	(34,149.93)
Cash flows from investing activities:				
Interest and dividends	52.85			52.85
Net cash provided by investing activities	52.85			52.85
Net increase in cash and cash equivalents	(23,311.55)	8,043.58	(83,493.40)	(98,761.37)
Cash and cash equivalents, July 1, 2013	55,711.77	52,028.44	83,493.40	191,233.61
Cash and cash equivalents, June 30, 2014	32,400.22	60,072.02		92,472.24
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(77,561.99)	3,538.58		(74,023.41)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	883.91			883.91
Federal commodities	9,371.43			9,371.43
Change in assets and liabilities:				
Increase (decrease) in unearned revenue	(1,203.08)	3,080.00		1,876.92
(Increase) decrease in accounts receivable		1,425.00	540.00	1,965.00
Increase in accounts payable	(6,587.35)			(6,587.35)
Decrease in inventories	1,849.21			1,849.21
	4,314.12	4,505.00	540.00	9,359.12
Net cash provided by (used for) operating activities	($73,247.87)	$8,043.58	$540.00	($64,664.29)

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT "B-7"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	STATE UNEMPLOYMENT COMPENSATION TRUST FUND	AGENCY FUNDS
ASSETS:		
Cash and cash equivalents	$ 181,277.85	$ 608,828.81
Total assets	$ 181,277.85	$ 608,828.81
LIABILITIES:		
Payroll deductions and withholdings	$	$ 53,662.63
Wages payable - summer payroll		512,500.06
Due to student groups		42,666.12
Total liabilities		608,828.81
NET POSITION:		
Held in trust for unemployment claims and other purposes	181,277.85	
Total net position	$ $181,277.85	$

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT "B-8"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	STATE UNEMPLOYMENT COMPENSATION TRUST FUND
ADDITIONS:	
Contributions:	
Plan members	$ 41,704.18
Other	80,000.00
Total contributions	121,704.18
Investment earnings:	
Interest	93.66
Net investment earnings	93.66
Total additions	121,797.84
DEDUCTIONS:	
Unemployment claims	52,546.59
Total deductions	52,546.59
Change in net position	69,251.25
Net position beginning of year	112,026.60
Net position end of year	$ 181,277.85

The accompanying Notes to the Financial Statements are an integral part of this statement.

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 entitle to, or has the ability to otherwise access, are significant to that primary government.

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 position 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 position 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 position 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.

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.

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.

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 unearned 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.

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. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April 2014 school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. 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, 2014 totaled $734,633.00, $75,525.00 of which came from Maintenance Reserve, $242,414.00 from Capital Reserve and $416,694.00 from Unassigned Fund Balance.

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.

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

Open encumbrances in the special revenue and capital project funds for which the District has received advances are reflected in the balance sheet as unearned 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.

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:

Asset Class	Estimated Useful Lives
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	10
Instructional Equipment	10
Grounds Equipment	15
Buses	12

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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.

Unearned Revenue

Unearned 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. In compliance with GASB 63, the Statement of Net Position has been renamed the Statement of Net Position. Net Position represents the difference between assets and liabilities. Net investment in capital assets 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 position is 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 positions are available.

Fund Balance – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances as Assigned Fund Balance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

The general fund is the only fund that will report a negative unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned.

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, property taxes, grants, entitlements, and donations.

On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-Exchange Transactions (Continued)

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.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

On July 1 2013, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65"). This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions* – an amendment to GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In January 2013, GASB issued Statement No. 69, "Government Combinations and Disposals of Government Obligations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any impact on the District's financial reporting.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

In April 2013, GASB issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the District's financial statements.

In November 2013, GASB issued Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. This statement is effective for fiscal years beginning after June 15, 2014.

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.

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

Deposits (Continued)

The Township of Colts Neck School District had the following cash and cash equivalents at June 30, 2014:

Fund Type		Cash in Bank
Governmental	$	4,942,113.67
Proprietary		215,742.88
Fiduciary		856,551.32
Total Cash on Deposit		6,014,407.87
Add: Deposits in Transit		
Less: Outstanding Checks		(457,389.30)
Total Book Balance 06/30/14	$	5,557,018.57

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, 2014, 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 $6,014,407.87, $250,000.00 was covered by Federal Depository Insurance and $5,764,407.87 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;

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments (Continued)

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.

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments (Continued)

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, 2014, 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.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Beginning Balance (As Restated)	Additions	Ending Balance
Governmental activities:			
Capital assets not being depreciated:			
Land	$7,114,624.00		$7,114,624.00
Total capital assets not being depreciated	7,114,624.00		7,114,624.00
Site improvements	762,633.10	$73,671.00	836,304.10
Buildings and building improvements	38,361,596.51	222,278.10	38,583,874.61
Machinery and equipment	3,051,802.78	152,858.79	3,204,661.57
Totals at historical cost	42,176,032.39	448,807.89	42,624,840.28
Gross assets (memo only)	49,290,656.39	448,807.89	49,739,464.28
Less: accumulated depreciation			
Site improvements	(371,123.36)	(40,247.56)	(411,370.92)
Buildings and building improvements	(16,264,502.81)	(841,427.98)	(17,105,930.79)
Machinery and equipment	(1,677,585.43)	(257,787.83)	(1,935,373.26)
Total depreciation	(18,313,211.60)	(1,139,463.37)	(19,452,674.97)
Total capital assets being depreciated, net of depreciation	23,862,820.79	(690,655.48)	23,172,165.31
Total governmental fund activities	$30,977,444.79	$(690,655.48)	$30,286,789.31
Proprietary activities:			
Machinery and equipment	$241,305.00		$241,305.00
Totals at historical cost	241,305.00		241,305.00
Less: accumulated depreciation			
Machinery and equipment	(230,089.93)	$(883.91)	(230,973.84)
Total depreciation	(230,089.93)	(883.91)	(230,973.84)
Total proprietary fund activities	$11,215.07	$(883.91)	$10,331.16

NOTE 3: CAPITAL ASSETS (CONTINUED)

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

Instruction:	
Regular	($943,546.54)
Support services:	
Student and instruction related services	(6,190.20)
School administrative services	(3,017.03)
Plant operations and maintenance	(25,804.90)
Pupil transportation	(160,904.70)
	($1,139,463.37)

NOTE 4: LONG-TERM LIABILITIES

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.

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2014:

	Compensated Absences Payable	Bonds Payable	Capital Leases Payable	Total
Balance June 30, 2013	$536,947.50	$17,105,000.00	$356,066.36	$17,998,013.86
Additions	47,191.00			47,191.00
Reductions		880,000.00	139,627.00	1,019,627.00
Balance June 30, 2014	$584,138.50	$16,225,000.00	$216,439.36	$17,025,577.86
Amounts due within one Year	-0-	$915,000.00	$82,403.00	$997,403.00

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2014, including interest payments on issued debt, are as follows:

Fiscal Year June 30,	Principal	Interest	Total
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
	$16,225,000.00	$6,135,440.00	$22,360,440.00

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

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

Issue	Amount Outstanding June 30, 2014	Bonds Authorized But Not Issued
$13,250,000.00 in School Bonds dated February 1, 2002, due in remaining annual installments ranging between $75,000.00 and $1,650,000.00 beginning February 1, 2015 and ending February 1, 2027 with interest from 4.30% to 5.00%	$12,630,000.00	-0-
$4,895,000.00 in Refunding School Bonds dated July 1, 2005, due in remaining annual installments ranging between $415,000.00 and $965,000.00 beginning July 1, 2015 and ending July 1, 2018 with interest at 4.00%	3,195,000.00	-0-
$3,260,000.00 in Refunding School Bonds dated April 15, 2008 due in one remaining annual installments of $400,000.00 due January 1, 2015 with interest at 4.80%	400,000.00	-0-
	$16,225,000.00	-0-

Bonds Authorized But Not Issued

As of June 30, 2014, the District had no Bonds Authorized but not issued.

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District is leasing school buses totaling $745,023.91 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, 2014:

Fiscal Year Ended June 30,	Amount
2015	$87,054.26
2016	87,054.26
2017	50,684.86
Total Minimum Lease Payments	224,793.38
Less: Amount Representing Interest	8,354.02
Present Value of Lease Payments	$216,439.36

The following schedule lists the gross amount of the equipment recorded under the capital lease, along with the accumulated depreciation.

Description	Cost	Accumulated Depreciation	Remaining Value
2 - 19 Passenger Vans	$78,783.69	$17,341.90	$61,441.79
1 - 54 Passenger Bus	93,255.20	20,542.90	72,712.30
3 - 54 Passenger Bus	245,131.02	40,125.51	205,005.51
Transportation Equipment	$417,169.91	$78,010.31	$339,159.60

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.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20-year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

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 ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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

NOTE 5: PENSION PLANS (CONTINUED)

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.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

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.

Contribution Requirements:

Three Year Trend Information for PERS

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	$263,456.00	100%	$263,456.00
2013	259,493.00	100%	259,493.00
2012	285,410.00	100%	285,410.00

Three Year Trend Information for TPAF (On-behalf Contributions)

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	$421,962.00	100%	$421,962.00
2013	669,339.00	100%	669,339.00
2012	292,113.00	100%	292,113.00

NOTE 5: PENSION PLANS (CONTINUED)

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District for the years ended June 30, 2014, 2013 and 2012 $789,217.45, $703,123.14 and $723,694.72 respectively 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, 2013 there were 100,134 retirees eligible for post-retirement medical benefits and the State contributed $1.07 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides 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 $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

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, 2014, 2013 and 2012 were, $691,860.00, $756,854.00 and $650,239.00 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 2013-2014 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.

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.

NOTE 9: RISK MANAGEMENT (CONTINUED)

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:

Year Ended June 30,	Board Contributions	Interest	Employee Contributions	Amount Reimbursed	Ending Balance
2014	$80,000.00	$93.66	$41,704.18	$52,546.59	$181,277.85
2013	75,000.00	86.80	37,469.19	123,784.65	112,026.60
2012	80,000.00	154.75	35,735.64	117,014.78	123,255.26

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 Districts 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 position. As of June 30, 2014, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Position of $536,947.50

For additional descriptive information, see Note1: Summary of Significant Accounting Policies.

NOTE 11: FUND BALANCE APPROPRIATED

General Fund Of the $4,942,809.87 in General Fund Balance at June 30, 2014, $228,345.21 has been assigned for encumbrances; $93,000.00 has been restricted in the Emergency Reserve account; $1,331,119.73 has been restricted in the Capital Reserve Account; $174,475.000 has been restricted in the Maintenance Reserve Account; $281,534.95 has been restricted as Excess Surplus; $970,400.00 is assigned and has been appropriated and included as anticipated revenue for the year ended June 30, 2014; and $1,237,270.73 is unassigned.

Debt Service Fund Of the $1,464.13 in Debt Service Fund Balance at June 30, 2014, $749.13 is restricted in accordance with N.J.S.A. 18A:7F-41c(2) and $715.00 is assigned and has been appropriated and included as anticipated revenue for the year ended June 30, 2014.

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 Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to 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 2014		$23,457,226.02
Decreased by:		
Reimb. TPAF Social Security Contributions	$1,113,822.00	
Reimb. TPAF Pension Contributions	789,217.45	
		1,903,039.45
Adjusted General Fund Expenditures		$21,554,186.57
Excess Surplus Percentage		2.00%
		$431,083.73
Increased by:		
Impact Aid	$623,067.00	
Extraordinary Aid	256,535.00	
Non-Public Transportation Aid	20,434.00	
		900,036.00
Maximum Unreserved/Undesignated General Fund Balance		$1,331,119.73
Actual Unreserved/Undesignated General Fund Balance		1,612,654.68
Excess Surplus		$281,534.95

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2014:

Fund	Interfund Balance Receivable	Interfund Balance Payable
General Fund	$ 80,750.81	$ 127.45
Special Revenue Fund		80,750.81
Capital Projects Fund	127.45	
	$ 80,878.26	$ 80,878.26

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.

NOTE 14: CAPITAL RESERVE ACCOUNT

The activity of the capital reserve during the year ended June 30, 2014, is as follows:

Balance, July 1, 2013		$ 1,837,285.15
Interest Earnings	$ 797.82	
Deposits:		
Board Resolution dated 06/18/14	500,000.00	
Unexpended Appropriations	7,115.01	
		507,912.83
		2,345,197.98
Withdrawals:		
FY2014 Budget	$ 145,000.00	
Board Resolution dated 12/18/13	128,814.00	
Board Resolution dated 05/21/14	113,600.00	
		387,414.00
Balance, June 30, 2014		$ 1,957,783.98

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, 2014, the District's LRFP balance of local support costs of uncompleted capital projects was $9,374,242.00.

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.

There was no activity in the Emergency Reserve Account during FY2014.

At June 30, 2014, the balance of the Emergency Reserve Account was $93,000.00.

NOTE 16: MAINTENANCE RESERVE ACCOUNT

On June 19, 2014, the District, in accordance with N.J.S.A. 18A:7G-13, established a Maintenance reserve account in the amount of $250,000.00. The Maintenance reserve account is maintained in the general fund.

A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

A district board of education or board of school estimate, as appropriate, may by resolution withdraw such funds from the maintenance reserve account and appropriate into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan pursuant to N.J.A.C. 6A:26A-4.

The district board of education shall ensure that the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate such excess in the subsequent year's budget.

The activity of the capital reserve during the year ended June 30, 2014, is as follows:

Balance, July 1, 2013		$ 250,000.00
Withdrawals:		
Board Resolution dated 09/18/13	$ 75,525.00	
		75,525.00
Balance, June 30, 2014		$ 174,475.00

At June 30, 2014, the balance of the Maintenance Reserve Account was $174,475.00 and is within the statutory limitations.

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, 2014 consisted of the following:

Food and Supplies	$15,729.23

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Amendments of 1996) 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.

NOTE 18: SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the financial statement date through November 5, 2014 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

EXHIBIT "C-1"
SHEET #1

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local sources:					
Local tax levy	$ 19,378,243.00	$	$ 19,378,243.00	$ 19,378,243.00	$
Unrestricted miscellaneous	5,000.00		5,000.00	154,979.22	149,979.22
Interest earned on capital reserve				797.82	797.82
Total revenues-local sources	$ 19,383,243.00	$	$ 19,383,243.00	$ 19,534,020.04	$ 150,777.04
State sources:					
Categorical special education aid	$ 703,608.00	$	$ 703,608.00	$ 703,608.00	$
Categorical security aid	89,893.00		89,893.00	89,893.00	
Categorical transportation aid	171,526.00		171,526.00	171,526.00	
Adjustment aid	13,941.00		13,941.00	13,941.00	
Extraordinary aid				256,535.00	256,535.00
Non-public transportation aid				20,434.00	20,434.00
On-behalf TPAF non-contributory insurance (non-budgeted)				34,224.00	34,224.00
On-behalf TPAF pension (non-budgeted)				387,738.00	387,738.00
On-behalf TPAF post retirement contributions (non-budgeted)				691,860.00	691,860.00
Reimbursed TPAF social security cont. (non-budgeted)				789,217.45	789,217.45
Total - state sources	$ 978,968.00	$	$ 978,968.00	$ 3,158,976.45	$ 2,180,008.45
Federal sources:					
Impact aid	$	$	$	$ 623,067.00	$ 623,067.00
Total - federal sources	$	$	$	$ 623,067.00	$ 623,067.00
Total revenues	$ 20,362,211.00	$	$ 20,362,211.00	$ 23,316,063.49	$ 2,953,852.49
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	$ 313,987.00	$ 6,718.00	$ 320,705.00	$ 320,702.70	$ 2.30
Grades 1-5	3,039,512.00	80,720.00	3,120,232.00	3,083,154.26	37,077.74
Grades 6-8	2,626,935.00	(20,000.00)	2,606,935.00	2,590,985.29	15,949.71
Regular programs - home instruction:					
Salaries of teachers	1,500.00	14,521.00	16,021.00	16,021.00	
Regular programs - undistributed instruction:					
Other purchased services	113,218.00	(3,385.00)	109,833.00	99,567.23	10,265.77
General supplies	400,057.09	11,227.60	411,284.69	375,076.93	36,207.76
Textbooks	42,800.00	(12,222.38)	30,577.62	27,017.62	3,560.00
Other objects	3,850.00	(1,748.00)	2,102.00	570.00	1,532.00
Total regular programs	$ 6,541,859.09	$ 75,831.22	$ 6,617,690.31	$ 6,513,095.03	$ 104,595.28
Learning and/or language disabilities:					
Salaries of teachers	$ 136,216.00	$ (9,955.00)	$ 126,261.00	$ 126,258.00	$ 3.00
General supplies	2,000.00	850.00	2,850.00	2,816.40	33.60
Total neurologically impaired	$ 138,216.00	$ (9,105.00)	$ 129,111.00	$ 129,074.40	$ 36.60

EXHIBIT "C-1"
SHEET #2

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Resource room:					
Salaries of teachers	$ 1,844,820.00	$ (145,441.52)	$ 1,699,378.48	$ 1,613,037.03	$ 86,341.45
Other salaries for instruction	22,969.00	5,910.00	28,879.00	28,878.42	0.58
General supplies	12,014.00	(432.00)	11,582.00	7,244.71	4,337.29
Total resource room	$ 1,879,803.00	$ (139,963.52)	$ 1,739,839.48	$ 1,649,160.16	$ 90,679.32
Preschool disabilities-part-time:					
Salaries of teachers	$ 172,285.00	$ 33,191.61	$ 205,476.61	$ 204,190.60	$ 1,286.01
Other salaries for instruction	33,953.00	24,221.00	58,174.00	57,659.78	514.22
Purchased professional - educations services	10,000.00	(10,000.00)			
General supplies	2,000.00		2,000.00		2,000.00
Total preschool handicapped - part- time	$ 218,238.00	$ 47,412.61	$ 265,650.61	$ 261,850.38	$ 3,800.23
Total special education	$ 2,236,257.00	$ (101,655.91)	$ 2,134,601.09	$ 2,040,084.94	$ 94,516.15
Basic skills/remedial:					
Salaries of teachers	$ 400,471.00	$ (19,000.00)	$ 381,471.00	$ 381,141.65	$ 329.35
General supplies	3,600.00		3,600.00	906.70	2,693.30
Total basic skills/remedial	$ 404,071.00	$ (19,000.00)	$ 385,071.00	$ 382,048.35	$ 3,022.65
Bilingual education:					
Salaries of teachers	$ 34,559.00	$	$ 34,559.00	$ 32,895.00	$ 1,664.00
General supplies	400.00	182.00	582.00	461.52	120.48
Total bilingual education	$ 34,959.00	$ 182.00	$ 35,141.00	$ 33,356.52	$ 1,784.48
School sponsored cocurricular activities:					
Salaries	$ 14,000.00	$ 12,742.46	$ 26,742.46	$ 26,742.46	$
Other objects	5,300.00	(2,702.00)	2,598.00	2,058.06	539.94
Total school sponsored cocurricular activities	$ 19,300.00	$ 10,040.46	$ 29,340.46	$ 28,800.52	$ 539.94
School sponsored athletics:					
Salaries	$ 30,000.00	$	$ 30,000.00	$ 30,000.00	$
Purchased services	5,000.00	171.00	5,171.00	5,171.00	
Supplies and materials	5,000.00	(171.00)	4,829.00	4,533.27	295.73
Other objects	17,200.00	(6,088.68)	11,111.32	11,111.32	
Total school sponsored athletics	$ 57,200.00	$ (6,088.68)	$ 51,111.32	$ 50,815.59	$ 295.73
Total other instructional programs	$ 515,530.00	$ (14,866.22)	$ 500,663.78	$ 495,020.98	$ 5,642.80
Total - instruction	$ 9,293,646.09	$ (40,690.91)	$ 9,252,955.18	$ 9,048,200.95	$ 204,754.23

EXHIBIT "C-1"
SHEET #3

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within the state-special	$ 158,158.00	$ 52,813.85	$ 210,971.85	$ 210,971.85	$
Tuition to priv. school for the disabled within the state	284,451.00	(99,022.44)	185,428.56	185,428.56	
Total undistributed expenditures - instruction	$ 442,609.00	$ (46,208.59)	$ 396,400.41	$ 396,400.41	$
Attendance and social work:					
Salaries	$ 9,270.00	$	$ 9,270.00	$ 9,270.00	$
Total attendance and social work	$ 9,270.00	$	$ 9,270.00	$ 9,270.00	$
Health services:					
Salaries	$ 173,114.00	$ 2,266.50	$ 175,380.50	$ 175,289.82	$ 90.68
Purchased professional and technical services		6,194.74	6,194.74	6,184.88	9.86
Supplies and materials	2,700.00	500.00	3,200.00	2,774.09	425.91
Other objects	300.00	(300.00)			
Total health services	$ 176,114.00	$ 8,661.24	$ 184,775.24	$ 184,248.79	$ 526.45
Other support services - student related services:					
Salaries	$ 374,143.00	$ 22,862.49	$ 397,005.49	$ 397,005.49	$
Supplies and materials	1,500.00	(300.40)	1,199.60	1,199.60	
Total other support services - students related services	$ 375,643.00	$ 22,562.09	$ 398,205.09	$ 398,205.09	$
Other support services - student - extraordinary:					
Salaries	$ 386,905.00	$ 139,424.12	$ 526,329.12	$ 526,329.12	$
Purchased professional - educational services	71,450.00	(43,595.50)	27,854.50	27,854.50	
Supplies and materials	1,000.00	(495.95)	504.05	504.05	
Total other support services - students related services	$ 459,355.00	$ 95,332.67	$ 554,687.67	$ 554,687.67	$
Guidance:					
Salaries of other professional staff	$ 131,734.00	$ (1,571.14)	$ 130,162.86	$ 130,162.86	$
Salaries of secretarial and clerical assistants	39,087.00	1,445.00	40,532.00	40,529.40	2.60
Supplies and materials	500.00		500.00	201.09	298.91
Total other support services - students - regular	$ 171,321.00	$ (126.14)	$ 171,194.86	$ 170,893.35	$ 301.51
Child Study Team:					
Salaries of other professional staff	$ 394,238.00	$ (3,650.00)	$ 390,588.00	$ 390,066.50	$ 521.50
Salaries of secretarial and clerical assistants	65,122.00	536.00	65,658.00	65,657.30	0.70
Other purchased professional and technical service	7,000.00	3,457.13	10,457.13	9,951.00	506.13
Miscellaneous purchased services	2,738.00	(1,400.00)	1,338.00	1,309.60	28.40
Supplies and materials	11,000.00	(1,619.01)	9,380.99	9,285.21	95.78
Total other support services - students - special services	$ 480,098.00	$ (2,675.88)	$ 477,422.12	$ 476,269.61	$ 1,152.51

EXHIBIT "C-1"
SHEET #4

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Improvement of instructional services:					
Salaries of supervisors of instruction	$ 152,464.00	$ (8,900.00)	$ 143,564.00	$ 143,560.00	$ 4.00
Salaries of other professional staff	118,623.00	(880.00)	117,743.00	117,310.53	432.47
Salaries of secretarial and clerical assistants	65,054.00	(2,800.00)	62,254.00	62,073.45	180.55
Other salaries	4,048.00	2,992.00	7,040.00	7,040.00	
Other purchased professional and technical service	15,500.00	850.00	16,350.00	16,350.00	
Supplies and materials	1,700.00	(45.00)	1,655.00	1,591.51	63.49
Total improvement of instructional services	$ 357,389.00	$ (8,783.00)	$ 348,606.00	$ 347,925.49	$ 680.51
Educational media services/school library:					
Salaries	$ 300,687.00	$ 85,187.05	$ 385,874.05	$ 385,873.00	$ 1.05
Other purchased services	1,500.00	(1,500.00)			
Supplies and materials	37,950.00	(9,688.18)	28,261.82	27,765.13	496.69
Other objects	1,600.00	228.00	1,828.00	1,752.02	75.98
Total educational media services/school library	$ 341,737.00	$ 74,226.87	$ 415,963.87	$ 415,390.15	$ 573.72
Instructional staff training services:					
Other purchased services	$ 105,264.00	$ (8,358.00)	$ 96,906.00	$ 96,238.94	$ 667.06
Supplies and materials	2,738.00		2,738.00	2,577.58	160.42
Total instructional staff training services	$ 108,002.00	$ (8,358.00)	$ 99,644.00	$ 98,816.52	$ 827.48
Support services general administration:					
Salaries	$ 272,720.00	$ 1,459.32	$ 274,179.32	$ 274,179.31	$ 0.01
Legal services	50,000.00	68,186.70	118,186.70	118,186.70	
Audit fees	20,000.00	1,610.00	21,610.00	21,610.00	
Other purchased professional services	7,590.00	23,519.00	31,109.00	31,108.35	0.65
Communications/telephone	4,000.00	1,063.51	5,063.51	5,063.51	
BOE other purchased service	2,000.00	(503.00)	1,497.00	1,497.00	
Miscellaneous purchased services	34,022.00	8,057.49	42,079.49	41,883.23	196.26
General supplies	5,000.00	(965.78)	4,034.22	4,034.22	
Judgements against dist/board		397,737.95	397,737.95	397,737.95	
Miscellaneous expenditures	4,000.00	951.95	4,951.95	4,951.95	
BOE membership dues and fees	11,386.00	2,168.20	13,554.20	13,554.20	
Total support services general administration	$ 410,718.00	$ 503,285.34	$ 914,003.34	$ 913,806.42	$ 196.92
Support services school administration:					
Salaries of principals/assistants/program directors	$ 416,377.00	$ 237.43	$ 416,614.43	$ 416,614.43	$
Salaries of other professional staff	118,352.00	(4,775.25)	113,576.75	113,576.75	
Salaries of secretarial and clerical assistants	120,637.00	1,800.80	122,437.80	122,437.80	
Supplies and materials	11,000.00	(1,969.78)	9,030.22	9,030.22	
Other objects	1,000.00	(1,000.00)			
Total support services school administration	$ 667,366.00	$ (5,706.80)	$ 661,659.20	$ 661,659.20	$

EXHIBIT "C-1"
SHEET #5

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Central services:					
Salaries	$ 283,093.00	$ (459.51)	$ 282,633.49	$ 282,633.09	$ 0.40
Miscellaneous purchased services	3,000.00	(2,888.32)	111.68		111.68
Supplies and materials	10,000.00	3,853.47	13,853.47	13,779.47	74.00
Miscellaneous expenditures	1,100.00	(1,100.00)			
Total central services:	$ 297,193.00	$ (594.36)	$ 296,598.64	$ 296,412.56	$ 186.08
Admin. info. technology:					
Salaries	$ 77,428.00	$ 176.00	$ 77,604.00	$ 77,603.29	$ 0.71
Total admin. info. technology	$ 77,428.00	$ 176.00	$ 77,604.00	$ 77,603.29	$ 0.71
Central services and admin. info. technology	$ 374,621.00	$ (418.36)	$ 374,202.64	$ 374,015.85	$ 186.79
Required maintenance for school facilities:					
Salaries	$ 218,357.00	$ 3,307.47	$ 221,664.47	$ 221,663.20	$ 1.27
Cleaning, repair and maintenance services	250,009.00	(2,390.16)	247,618.84	247,618.84	
General supplies	2,000.00	158.79	2,158.79	2,158.79	
Other objects	27,000.00	(15,355.98)	11,644.02	10,837.02	807.00
Total required maintenance for school facilities	$ 497,366.00	$ (14,279.88)	$ 483,086.12	$ 482,277.85	$ 808.27
Other operation and maint. of plant:					
Salaries	$ 519,847.00	$ 23,891.73	$ 543,738.73	$ 543,738.73	$
Salaries of non-instructional aides	39,253.00	29.44	39,282.44	39,274.55	7.89
Cleaning, repair and maint. services	325,506.00	(48,104.00)	277,402.00	240,177.54	37,224.46
Insurance	75,585.00	6,799.00	82,384.00	82,384.00	
General supplies	55,000.00	(4,190.80)	50,809.20	48,189.86	2,619.34
Energy (natural gas)	179,000.00	16,489.06	195,489.06	194,958.07	530.99
Energy (electricity)	236,250.00	39,550.00	275,800.00	275,800.00	
Total other operation and maint. of plant	$ 1,430,441.00	$ 34,464.43	$ 1,464,905.43	$ 1,424,522.75	$ 40,382.68
Security					
Salaries	$ 60,190.00	$ (5,900.00)	$ 54,290.00	$ 52,162.50	$ 2,127.50
Total Security	$ 60,190.00	$ (5,900.00)	$ 54,290.00	$ 52,162.50	$ 2,127.50
Operation and maintenance of plant services	$ 1,987,997.00	$ 14,284.55	$ 2,002,281.55	$ 1,958,963.10	$ 43,318.45
Student transportation services:					
Salaries of non-instructional aides	$ 64,219.00	$ (17,678.56)	$ 46,540.44	$ 46,540.44	$
Salaries for pupil transportation (between home and school) - regular	465,951.00	6,607.14	472,558.14	444,554.77	28,003.37
Salaries for pupil transportation (between H&S) Special Education	112,196.00	(36,295.35)	75,900.65	75,900.65	
Salaries for pupil transportation (other than between home and school)	10,815.00		10,815.00	7,855.73	2,959.27
Cleaning, repair, and main. services	4,000.00	8,371.38	12,371.38	12,371.38	
Lease purchase payments - school buses	176,034.00	(20,189.00)	155,845.00	148,706.38	7,138.62
Contracted services - aid in lieu of payments	260,000.00	(37,529.02)	222,470.98	221,808.98	662.00

EXHIBIT "C-1"
SHEET #6

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Student transportation services (continued):					
Contracted services - (special ed student) ESCs & CTSAs	$ 146,120.00	$ (21,199.71)	$ 124,920.29	$ 95,491.96	$ 29,428.33
Miscellaneous purchased services	5,049.00	(364.81)	4,684.19	2,260.54	2,423.65
General supplies	5,000.00	(2,915.19)	2,084.81	2,084.81	
Transportation supplies	220,875.00	5,843.16	226,718.16	209,706.25	17,011.91
Other objects	7,500.00		7,500.00	6,872.91	627.09
Total student transportation services	$ 1,477,759.00	$ (115,349.96)	$ 1,362,409.04	$ 1,274,154.80	$ 88,254.24
Unallocated benefits - employee benefits:					
Social security contributions	$ 275,000.00	$ 18,585.32	$ 293,585.32	$ 293,585.32	$
Other retirement contributions - PERS	276,460.00	(7,180.00)	269,280.00	269,279.66	0.34
Other retirement contributions	5,000.00		5,000.00	4,094.55	905.45
Unemployment compensation	140,000.00	(60,000.00)	80,000.00	80,000.00	
Workers compensation	161,838.00	(8,009.59)	153,828.41	153,448.44	379.97
Health benefits	2,971,161.00	(52,621.97)	2,918,539.03	2,888,289.62	30,249.41
Tuition reimbursements	90,000.00	(32,011.88)	57,988.12	36,961.69	21,026.43
Other employee benefits	36,590.00	19,753.00	56,343.00	56,343.00	
Total unallocated benefits - employee benefits:	$ 3,956,049.00	$ (121,485.12)	$ 3,834,563.88	$ 3,782,002.28	$ 52,561.60
On-behalf TPAF Non-Contributory Insurance (non-budgeted)	$	$	$	$ 34,224.00	$ (34,224.00)
On-behalf TPAF Pension (non-budgeted)				387,738.00	(387,738.00)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				691,860.00	(691,860.00)
Reimbursed TPAF social security cont. (non-budgeted)				789,217.45	(789,217.45)
	$	$	$	$ 1,903,039.45	$ (1,903,039.45)
Total undistributed expenditures	$ 11,796,048.00	$ 409,240.91	$ 12,205,288.91	$ 13,919,748.18	$ (1,714,459.27)
	$ 21,089,694.09	$ 368,550.00	$ 21,458,244.09	$ 22,967,949.13	$ (1,509,705.04)
CAPITAL OUTLAY:					
Interest earned on capital reserve	$	$	$	$	$
Equipment					
Undistributed expenditures-Instruction		2,450.00	2,450.00		2,450.00
Grade 1-5		6,104.00	6,104.00	6,104.00	
Undistrib. expend.- req. maint. for school facilities	20,000.00	1,851.00	21,851.00	21,851.00	
Security		163,245.31	163,245.31		163,245.31
Student Ttansp. - non-inst. equip		20,189.00	20,189.00	20,189.00	
School buses - regular	81,740.16		81,740.16	81,740.16	
Instruction equipment					
Facilities acquisition and construction services:					
Construction services	145,000.00	(77,767.41)	67,232.59	64,323.00	2,909.59
Land and improvements	60,079.63	230,011.10	290,090.73	254,600.73	35,490.00
Other objects	64,170.00		64,170.00	40,469.00	23,701.00
Total facilities acquis. and const. services	$ 370,989.79	$ 346,083.00	$ 717,072.79	$ 489,276.89	$ 227,795.90
TOTAL CAPITAL OUTLAY	$ 370,989.79	$ 346,083.00	$ 717,072.79	$ 489,276.89	$ 227,795.90

EXHIBIT "C-1"
SHEET #7

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
GENERAL FUND GRAND TOTAL	$ 21,460,683.88	$ 714,633.00	$ 22,175,316.88	$ 23,457,226.02	$ (1,281,909.14)
Excess (deficiency) of revenues Over (under) expenditures	$ (1,098,472.88)	$ (714,633.00)	$ (1,813,105.88)	$ (141,162.53)	$ 1,671,943.35
Other financing sources (uses):					
Transfers In/(out)	$	$ 20,000.00	$ 20,000.00	$ 64,033.40	$ 44,033.40
Total other financing sources (uses)	$	$ 20,000.00	$ 20,000.00	$ 64,033.40	$ 44,033.40
Excess (deficiency) of revenues and other financing sources Over(under) expenditures and other financing sources(uses)	$ (1,098,472.88)	$ (694,633.00)	$ (1,793,105.88)	$ (77,129.13)	$ 1,715,976.75
Fund balance, July 1	$ 2,932,010.94	$	$ 5,113,788.00	$ 5,113,788.00	$
Fund balance, June 30	$ 1,833,538.06	$ (694,633.00)	$ 3,320,682.12	$ 5,036,658.87	$ 1,715,976.75

Recapitulation:	
Assigned:	
Encumbrances	$ 228,345.21
Committed:	
Designated for subsequent year's expenditures	970,400.00
Restricted:	
Excess surplus	281,534.95
Capital reserve	1,957,783.98
Emergency reserve	93,000.00
Maintenance reserve	174,475.00
Unassigned fund balance	1,331,119.73
	5,036,658.87
Reconciliation to Government Fund Statements:	
Last State aid payments not recognized on GAAP basis	(93,849.00)
Fund Balance per Governmental Funds (GAAP)	$ 4,942,809.87

EXHIBIT "C-2"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Federal sources	$ 279,303.00	$ (21,468.00)	$ 257,835.00	$ 257,835.00	$
Other sources		6,743.51	6,743.51	6,743.51	
Total revenues	279,303.00	(14,724.49)	264,578.51	264,578.51	
EXPENDITURES:					
Instruction:					
Purchased professional - educational services		6,620.00	6,620.00	6,620.00	
General supplies		1,458.45	1,458.45	1,458.45	
Total instruction		8,078.45	8,078.45	8,078.45	
Support services:					
Purchased professional - technical services					
Purchased professional - educational services	54,581.00	(42,788.83)	11,792.17	11,792.17	
Other Purchased Services		10,000.00	10,000.00	10,000.00	
Tuition	224,722.00	(18,453.00)	206,269.00	206,269.00	
Supplies and materials		21,695.38	21,695.38	21,695.38	
Total support services	279,303.00	(29,546.45)	249,756.55	249,756.55	
Facilities acquisition and construction services:					
Instructional equipment		6,743.51	6,743.51	6,743.51	
Total facilities acquisition and construction serv.		6,743.51	6,743.51	6,743.51	
Total expenditures	$ 279,303.00	$ (14,724.49)	$ 264,578.51	$ 264,578.51	$
Excess (deficiency) of revenues over (under) expenditures	$	$	$	$	$

EXHIBIT "C-3"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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	$23,316,063.49	$264,578.51
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(11,264.19)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(93,849.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	91,226.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$23,313,440.49	$253,314.32
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	$23,457,226.02	$264,578.51
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(11,264.19)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$23,457,226.02	$253,314.32

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND
DETAIL STATEMENTS

EXHIBIT "E-1"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	NO CHILD LEFT BEHIND				SAFETY	TOTAL
	TITLE I A	TITLE II A	IDEA PART B	IDEA PRESCHOOL	GRANT	JUNE 30, 2013
REVENUES:						
Federal sources	$16,839.45	$24,762.55	$206,269.00	$9,964.00		$257,835.00
Local sources					$6,743.51	6,743.51
Total revenues	$16,839.45	$24,762.55	$206,269.00	$9,964.00	$6,743.51	$264,578.51
EXPENDITURES:						
Instruction:						
Purchased professional - educational services	$6,620.00					$6,620.00
Supplies and materials	1,458.45					1,458.45
Total instruction	8,078.45					8,078.45
Support services:						
Purchased professional - educational services	500.00	$11,292.17				11,792.17
Other purchased services		10,000.00				10,000.00
Tuition			$206,269.00			206,269.00
Supplies and materials	8,261.00	3,470.38		$9,964.00		21,695.38
Total support services	8,761.00	24,762.55	206,269.00	9,964.00		249,756.55
Facilities acquisition and construction serv:						
Non-instructional equipment					$6,743.51	6,743.51
Total facilities acquisition and construction serv.					6,743.51	6,743.51
Total expenditures	$16,839.45	$24,762.55	$206,269.00	$9,964.00	$6,743.51	$264,578.51

CAPITAL PROJECTS FUND
DETAIL STATEMENTS

EXHIBIT "F-1"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
AS OF JUNE 30, 2014

ISSUE/PROJECT TITLE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE PRIOR YEAR	EXPENDITURES TO DATE CURRENT YEAR	(MEMO ONLY) UNEXPENDED PROJECT BALANCE
Addition to Elementary School		$ 392,243.00	$ 338,742.60	$ -0-	$ 53,500.40
Conover Road Primary - Roof Replacement	6/17/2009	910,000.00	869,807.00		40,193.00
Totals		$ 1,302,243.00	$ 1,208,549.60	$ -0-	$ 93,693.40

EXHIBIT "F-2"

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, 2014

Expenditures and Other Financing Uses:	
Construction services	
Total expenditures	$ -0-
Excess (deficiency) of revenues over (under) expenditures	$ -0-
Net change in fund balance	$ -0-
Fund balance - beginning	93,693.40
Fund balance - ending	$93,693.40

EXHIBIT "F-2a"

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, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
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	392,243.00		392,243.00	392,243.00
Expenditures and other financing uses:				
Construction services	338,742.60		338,742.60	392,243.00
Total expenditures	338,742.60		338,742.60	392,243.00
Excess (deficiency) of revenues over (under) expenditures	$53,500.40		$53,500.40	

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

EXHIBIT "F-2b"

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, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
Capital reserve	$ 910,000.00	$	$ 910,000.00	$ 910,000.00
Total revenues	910,000.00		910,000.00	910,000.00
Expenditures and other financing uses:				
Construction services	869,807.00		869,807.00	910,000.00
Total expenditures	869,807.00		869,807.00	910,000.00
Excess (deficiency) of revenues over (under) expenditures	$ 40,193.00	$	$ 40,193.00	$ 0.00

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.

EXHIBIT "G-1"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND MAJOR FUNDS		
	FOOD SERVICE FUND	PRESCHOOL TUITION PROGRAM FUND	TOTAL JUNE 30, 2014
ASSETS:			
Current assets:			
Cash and cash equivalents	$32,400.22	$60,072.02	$92,472.24
Accounts receivable:			
State	535.93		535.93
Federal	6,662.36		6,662.36
Other		1,200.00	1,200.00
Inventories	15,729.23		15,729.23
Total current assets	55,327.74	61,272.02	116,599.76
Noncurrent assets:			
Furniture, machinery and equipment	241,305.00		241,305.00
Less accumulated depreciation	(230,973.84)		(230,973.84)
Total noncurrent assets	10,331.16		10,331.16
Total assets	65,658.90	61,272.02	126,930.92
LIABILITIES :			
Current liabilities:			
Accounts payable	23,097.18		23,097.18
Unearned revenue	10,442.23	27,980.00	38,422.23
Total current liabilities	33,539.41	27,980.00	61,519.41
Total liabilities	33,539.41	27,980.00	61,519.41
NET POSITION:			
Net investment in capital assets	10,331.16		10,331.16
Unrestricted	21,788.33	33,292.02	55,080.35
Total net position	$32,119.49	$33,292.02	$65,411.51

EXHIBIT "G-2"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	MAJOR FUNDS		NON-MAJOR FUND	
	FOOD SERVICE FUND	PRESCHOOL TUITION PROGRAM FUND	KINDERGARTEN COMPLEMENT FUND	TOTAL JUNE 30, 2014
OPERATING REVENUES:				
Charges for services:				
Daily sales	$275,075.01			$275,075.01
Tuition - individuals		$57,240.00		57,240.00
Total operating revenues	275,075.01	57,240.00		332,315.01
OPERATING EXPENSES:				
Cost of sales	95,084.66			95,084.66
Salaries	128,580.93	41,999.42		170,580.35
Employee benefits	36,888.41	10,702.00		47,590.41
Supplies and materials	23,069.21	1,000.00		24,069.21
Management fees	20,214.00			20,214.00
Miscellaneous	47,915.88			47,915.88
Depreciation	883.91			883.91
Total operating expenses	352,637.00	53,701.42		406,338.42
Operating income (loss)	(77,561.99)	3,538.58		(74,023.41)
NON-OPERATING REVENUES (EXPENSES):				
State sources:				
State school lunch program	2,420.69			2,420.69
Federal sources:				
National school lunch program	30,930.89			30,930.89
National food distribution commodities	9,371.43			9,371.43
Interest	52.85			52.85
Total non-operating revenues (expenses)	42,775.86			42,775.86
Income/(loss) before contributions and transfers	(34,786.13)	3,538.58		(31,247.55)
Other financing sources:				
Transfers in (out)	20,000.00		(84,033.40)	(64,033.40)
Total other financing uses	20,000.00		(84,033.40)	(64,033.40)
Change in net position	(14,786.13)	3,538.58	(84,033.40)	(95,280.95)
Total net position - beginning (as restated)	46,905.62	29,753.44	84,033.40	160,692.46
Total net position - ending	$32,119.49	$33,292.02		$65,411.51

EXHIBIT "G-3"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	MAJOR FUNDS		NON-MAJOR FUND	
	FOOD SERVICE FUND	PRESCHOOL TUITION PROGRAM FUND	KINDERGARTEN COMPLEMENT FUND	TOTAL JUNE 30, 2014
Cash flows from operating activities:				
Receipts from customers	$274,561.67	$61,745.00	$540.00	$336,846.67
Payments to employees	(128,580.93)	(41,999.42)		(170,580.35)
Payments to employee benefits	(36,888.41)	(10,702.00)		(47,590.41)
Payments to suppliers	(182,340.20)	(1,000.00)		(183,340.20)
Net cash provided by (used for) operating activities	(73,247.87)	8,043.58	540.00	(64,664.29)
Cash flows from noncapital financing activities:				
State sources	2,139.22			2,139.22
Federal sources	27,744.25			27,744.25
Operating subsidies and transfers to other funds	20,000.00		(84,033.40)	(64,033.40)
Net cash provided by noncapital financing activities	49,883.47		(84,033.40)	(34,149.93)
Cash flows from investing activities:				
Interest and dividends	52.85			52.85
Net cash provided by investing activities	52.85			52.85
Net increase in cash and cash equivalents	(23,311.55)	8,043.58	(83,493.40)	(98,761.37)
Cash and cash equivalents, July 1, 2013	55,711.77	52,028.44	83,493.40	191,233.61
Cash and cash equivalents, June 30, 2014	32,400.22	60,072.02		92,472.24
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(77,561.99)	3,538.58		(74,023.41)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	883.91			883.91
Federal commodities	9,371.43			9,371.43
Change in assets and liabilities:				
Increase (decrease) in unearned revenue	(1,203.08)	3,080.00		1,876.92
(Increase) decrease in accounts receivable		1,425.00	540.00	1,965.00
Increase (decrease) in accounts payable	(6,587.35)			(6,587.35)
(Increase) decrease in inventories	1,849.21			1,849.21
	4,314.12	4,505.00	540.00	9,359.12
Net cash provided by operating activities	($73,247.87)	$8,043.58	$540.00	($64,664.29)

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.

EXHIBIT "H-1"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	AGENCY FUNDS			UNEMPLOYMENT	TOTAL
	STUDENT ACTIVITY	PAYROLL AGENCY	TOTAL AGENCY	COMPENSATION TRUST FUND	JUNE 30, 2014
ASSETS:					
Cash and cash equivalents	$ 42,666.12	$ 566,162.69	$ 608,828.81	$ 181,277.85	$ 790,106.66
Total assets	42,666.12	566,162.69	608,828.81	181,277.85	790,106.66
LIABILITIES:					
Payroll deductions and withholdings		53,662.63	53,662.63		53,662.63
Wages payable - summer payroll		512,500.06	512,500.06		512,500.06
Due to student groups	42,666.12		42,666.12		42,666.12
Total liabilities	42,666.12	566,162.69	608,828.81		608,828.81
NET POSITION:					
Held in trust for unemployment claims and other purposes				181,277.85	181,277.85
Total net position	$ -0-	$ -0-	$ -0-	$ 181,277.85	$ 181,277.85

EXHIBIT "H-2"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	STATE UNEMPLOYMENT COMPENSATION TRUST FUND	TOTAL
ADDITIONS:		
Contributions:		
Plan members	$41,704.18	$41,704.18
Other	80,000.00	80,000.00
Total contributions	121,704.18	121,704.18
Investment earnings:		
Interest	93.66	93.66
Net investment earnings	93.66	93.66
Total additions	121,797.84	121,797.84
DEDUCTIONS:		
Unemployment claims	52,546.59	52,546.59
Total deductions	52,546.59	52,546.59
Change in net position	69,251.25	69,251.25
Net position beginning of year	112,026.60	112,026.60
Net position end of year	$181,277.85	$181,277.85

EXHIBIT "H-3"

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BALANCE JUNE 30, 2013	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2014
ASSETS:				
Cash and cash equivalents	$ 79,669.31	$ 149,923.47	$ 186,926.66	$ 42,666.12
Total assets	$ 79,669.31	$ 149,923.47	$ 186,926.66	$ 42,666.12
LIABILITIES:				
Due student groups:				
Cedar Drive School	$ 40,726.79	$ 111,714.17	$ 131,235.73	$ 21,205.23
Conover Road Primary	9,573.21	5,684.28	14,967.39	290.10
Conover Road Elementary	29,369.31	32,525.02	40,723.54	21,170.79
Total liabilities	$ 79,669.31	$ 149,923.47	$ 186,926.66	$ 42,666.12

EXHIBIT "H-4"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BALANCE JULY 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2014
ASSETS:				
Cash and cash equivalents	$589,600.77	$15,989,665.24	$16,013,103.32	$566,162.69
Total assets	589,600.77	15,989,665.24	16,013,103.32	566,162.69
LIABILITIES:				
Payroll deductions and withholdings	92,024.72	6,940,210.37	6,978,572.46	53,662.63
Wages payable - summer payroll	497,576.05	9,049,454.87	9,034,530.86	512,500.06
Total liabilities	$589,600.77	$15,989,665.24	$16,013,103.32	$566,162.69

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.

EXHIBIT "I-1"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2014

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	RATE OF INTEREST	BALANCE JULY 1, 2013	RETIRED	BALANCE JUNE 30, 2014
Refunding School Bonds 2005	7/1/2005	$ 4,895,000.00	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%	$ 3,560,000.00	$ 365,000.00	$ 3,195,000.00
School Bonds	02/01/02	13,250,000.00	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%	12,705,000.00	75,000.00	12,630,000.00
2008 Refunding Bonds	04/15/08	3,260,000.00	01/01/15	400,000.00	4.80%	840,000.00	440,000.00	400,000.00
						$ 17,105,000.00	$ 880,000.00	$ 16,225,000.00

EXHIBIT "I-2"

TOWNSHIP OF COLTS NECKSCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2014

PURPOSE	INTEREST RATE	ORIGINAL ISSUE	BALANCE JUNE 30, 2013	RETIRED	BALANCE JUNE 30, 2014
School Bus Lease	4.40%	$ 51,229.80	$ 9,805.70	$ 9,805.70	$
School Bus Lease	4.40%	230,679.20	48,645.55	48,645.55	
School Bus Lease	2.83%	78,783.69	47,245.68	15,311.17	31,934.51
Passenger Van Lease	2.87%	93,255.20	55,923.27	18,116.18	37,807.09
School Bus Lease	1.80%	245,131.02	194,446.16	47,748.40	146,697.76
			$ 356,066.36	$ 139,627.00	$ 216,439.36

EXHIBIT "I-3"

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:					
Local Sources:					
Local Tax Levy	$ 1,543,956.00	$	$ 1,543,956.00	$ 1,543,956.00	$
Miscellaneous				362.13	362.13
State Sources:					
Debt Service Aid Type II	135,266.00		135,266.00	135,266.00	
Total Revenues	$ 1,679,222.00	$	$ 1,679,222.00	$ 1,679,584.13	$ 362.13
EXPENDITURES:					
Regular Debt Service:					
Interest	$ 800,917.00	$	$ 800,917.00	$ 800,529.50	$ 387.50
Redemption of Principal	880,000.00		880,000.00	880,000.00	
Total Debt Service	$ 1,680,917.00	$	$ 1,680,917.00	$ 1,680,529.50	$ 387.50
Total Expenditures	$ 1,680,917.00	$	$ 1,680,917.00	$ 1,680,529.50	$ 387.50
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (1,695.00)	$	$ (1,695.00)	$ (945.37)	$ 749.63
Fund Balance, July 1	2,409.50		2,409.50	2,409.50	
Fund Balance, June 30	$ 714.50	$	$ 714.50	$ 1,464.13	$ 749.63

STATISTICAL SECTION - UNAUDITED

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION

Contents | Page

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.

EXHIBIT "J-1"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	$ 13,845,349.95	$ 13,526,409.54	$ 13,331,233.16	$ 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
Restricted for:										
Debt service								85,152.00	86,341.00	2,941.00
Capital projects	93,693.40	93,693.40	93,693.40	53,500.40	93,693.40	53,500.40	53,500.40	53,500.00	247,407.00	870,296.00
Other purposes	2,506,793.93	2,402,105.53	607,222.45	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
Unrestricted	1,520,977.82	1,744,632.41	1,375,162.83	740,789.62	149,630.75	(54,474.02)	347,226.04	543,292.00	882,573.00	356,149.00
Total governmental activities net position	$ 17,966,815.10	$ 17,766,840.88	$ 15,407,311.84	$ 14,710,986.07	$ 14,159,707.13	$ 14,074,737.23	13,543,166.49	$ 15,633,592.00	$ 12,999,138.00	$ 14,827,171.00
Business-type activities										
Net investment in capital assets	$ 10,331.16	$ 9,813.23	$ 10,697.14	$ 6,961.18	$ 13,954.07	$ 20,702.34	27,450.61	$ 175,335.00	$ 147,596.00	$ 145,598.00
Unrestricted	55,080.35	149,477.39	168,142.68	166,937.60	150,645.71	118,747.92	118,491.34	140,519.00	168,186.00	192,246.00
Total business-type activities net position	$ 65,411.51	$ 159,290.62	$ 178,839.82	$ 173,898.78	$ 164,599.78	$ 139,450.26	145,941.95	$ 315,854.00	$ 315,782.00	$ 337,844.00
District-wide										
Net investment in capital assets	$ 13,855,681.11	$ 13,536,222.77	$ 13,341,930.30	$ 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
Restricted for:										
Debt service								85,152.00	86,341.00	2,941.00
Capital projects	93,693.40	93,693.40	93,693.40	53,500.40	93,693.40	53,500.40	53,500.40	53,500.00	247,407.00	870,296.00
Other projects	2,506,793.93	2,402,105.53	607,222.45	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
Unrestricted	1,576,058.17	1,894,109.80	1,543,305.51	907,727.22	300,276.46	64,273.90	465,717.38	683,811.00	1,050,759.00	548,395.00
Total district net position	$ $18,032,226.61	$ $17,926,131.50	$ $15,586,151.66	$ $14,884,884.85	$ $14,324,306.91	$ $14,214,187.49	$13,689,108.44	$ $15,949,446.00	$ $13,314,920.00	$ $15,165,015.00

Source: CAFR Schedule A-1

EXHIBIT "J-2"
SHEET #1

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities										
Instruction:										
Regular	$ 10,143,407.87	$ 10,418,817.58	$ 10,008,864.55	$ 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
Special education	3,340,355.24	3,665,803.73	3,336,638.99	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
Other instruction	702,573.16	712,756.66	535,845.61	348,515.15	507,575.58	402,388.08	380,537.08	427,820.00	352,459.00	482,259.00
Support services:										
Tuition						690,511.55	725,065.49	820,007.00	784,983.00	778,183.00
Student and instruction related services	3,992,656.67	3,318,441.59	3,321,588.37	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
General administrative services	986,339.67	596,424.57	618,045.94	797,059.20	845,415.70	526,298.12	500,487.21	581,478.00	654,343.00	638,467.00
School administrative services	945,741.76	1,101,354.16	1,204,029.69	941,834.66	925,371.19	822,686.22	758,139.27	761,850.00	754,098.00	747,712.00
Central services	375,465.01	378,653.90	386,334.11	343,862.35	410,911.90	296,603.54	296,204.60			
Administrative information technology	99,160.70	99,480.79	89,738.05	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
Plant operations and maintenance	2,216,704.94	2,054,573.22	1,878,292.66	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
Pupil transportation	1,465,885.80	1,496,893.67	1,691,680.24	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
Unallocated benefits						4,944,956.95	4,742,480.94	4,815,215.00	3,879,967.00	3,377,035.00
Interest on long-term debt	825,638.37	856,938.18	845,468.18	934,879.09	905,287.11	921,039.33	948,632.58	1,030,077.00	1,327,755.00	1,135,342.00
Unallocated depreciation								1,218,041.00	835,367.00	935,237.00
Unallocated refunding bond interest costs							56,373.06			
Unallocated amortization (net)		6,437.82	6,437.82	6,437.82	6,437.83	6,437.82				
Total governmental activities expenses	25,093,929.19	24,706,575.87	23,922,964.21	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
Business-type activities:										
Food service	352,637.00	388,875.89	386,961.78	380,737.04	353,951.90	376,828.07	372,226.73	45,251.00	30,027.00	23,049.00
Kindergarten complement program		138,834.76	162,260.20	179,791.15	242,760.93	228,206.97	225,617.59			
Preschool tuition program	53,701.42	51,901.06	51,547.54	51,618.52	37,759.44					
Total business-type activities expense	406,338.42	579,611.71	600,769.52	612,146.71	634,472.27	605,035.04	597,844.32	45,251.00	30,027.00	23,049.00
Total district expenses	$ 25,500,267.61	$ 25,286,187.58	$ 24,523,733.73	$ 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
PROGRAM REVENUES										
Governmental activities:										
Operating grants and contributions	$ 2,215,870.77	$ 2,461,415.14	$ 2,103,375.98	$ 1,817,276.84	$ 2,078,415.68	$ 297,146.51	$ 318,082.96	$	$	$
Total governmental activities program revenues	2,215,870.77	2,461,415.14	2,103,375.98	1,817,276.84	2,078,415.68	297,146.51	318,082.96			
Business-type activities:										
Charges for services										
Food service	275,075.01	288,571.82	291,080.28	308,607.88	314,028.00	328,982.99	307,443.52			
Kindergarten complement		160,400.00	187,255.00	208,100.00	252,015.00	227,275.00	216,460.00			
Preschool tuition program	57,240.00	47,325.00	70,625.00	59,525.00	45,105.00					
Operating grants and contributions	42,723.01	63,181.59	56,750.28	45,086.35	48,463.01	42,033.40	42,118.36			
Total business type activities program revenues	375,038.02	559,478.41	605,710.56	621,319.23	659,611.01	598,291.39	566,021.88			
Total district program revenues	$ 2,590,908.79	$ 3,020,893.55	$ 2,709,086.54	$ 2,438,596.07	$ 2,738,026.69	$ 895,437.90	$ 884,104.84	$	$	$

EXHIBIT "J-2"
SHEET #2

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue										
Governmental activities	$ (22,878,058.42)	$ (22,245,160.73)	$ (21,819,588.23)	$ (21,811,005.48)	$ (22,637,617.19)	(23,684,044.15)	$ (23,142,991.00)	$ (21,931,867.00)	$ (20,140,034.00)	$ (18,808,555.00)
Business-type activities	(31,300.40)	(20,133.30)	4,941.04	9,172.52	25,138.74	(6,743.65)	(45,251.00)	(30,027.00)	(23,049.00)	(244.00)
Total district-wide net expense	$ (22,909,358.82)	$ (22,265,294.03)	$ (21,814,647.19)	$ (21,801,832.96)	$ (22,612,478.45)	(23,690,787.80)	$ (23,188,242.00)	$ (21,961,894.00)	$ (20,163,083.00)	$ (18,808,799.00)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	$ 19,378,243.00	$ 19,292,394.00	$ 19,208,872.00	$ 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
Taxes levied for debt service	1,543,956.00	1,551,782.00	1,549,340.00	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
Unrestricted grants and contributions	1,952,130.00	3,135,836.00	1,587,273.80	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
Federal and state aid restricted		132,581.70			80,453.00	163,543.00	161,760.00			
Miscellaneous income	156,139.17	478,300.82	185,511.38	78,678.89	134,838.36	348,300.45	201,353.55	202,741.00	169,530.00	141,427.00
Transfers	64,033.40							(3,128.00)	(2,182.00)	
Other cancellations			(15,083.18)		(3,171.18)			(18,666.00)		
Total governmental activities	23,094,501.57	24,590,894.52	22,515,914.00	22,362,284.42	22,671,774.18	24,042,525.22	23,880,676.33	23,719,664.00	21,495,189.00	20,392,522.00
Business-type activities:										
Miscellaneous income	52.85	584.10		371.10	10.78	251.96	10,274.41			803.00
Disposal of Capital Assets				(244.62)						
Transfers	(64,033.40)							3,128.00	7,965.00	
Total business-type activities	(63,980.55)	584.10		126.48	10.78	251.96	10,274.41	3,128.00	7,965.00	803.00
Total district-wide	$ 23,030,521.02	$ 24,591,478.62	$ 22,515,914.00	$ 22,362,410.90	$ 22,671,784.96	$ 24,042,777.18	$ 23,890,950.74	$ 23,722,792.00	$ 21,503,154.00	$ 20,393,325.00
Change in Net Position										
Governmental activities	$ 216,443.15	$ 2,345,733.79	$ 696,325.77	$ 551,278.94	$ 34,156.99	$ 358,481.07	$ 737,685.33	$ 1,787,797.00	$ 1,355,155.00	$ 1,583,967.00
Business-type activities	(95,280.95)	(19,549.20)	4,941.04	9,299.00	25,149.52	(6,491.69)	(34,976.59)	(42,123.00)	(22,062.00)	23,852.00
Total district	$ 121,162.20	$ 2,326,184.59	$ 701,266.81	$ 560,577.94	$ 59,306.51	$ 351,989.38	$ 702,708.74	$ 1,745,674.00	$ 1,333,093.00	$ 1,607,819.00

Source: CAFR Schedule A-2

EXHIBIT "J-3"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Restricted	$ 2,506,793.93	$ 2,402,105.53	$ 605,495.45	$ 513,297.57	$	$	$	$	$	$
Committed	970,400.00	583,745.62	1,010,000.00	1,010,000.00						
Assigned	228,345.21	177,906.88	122,328.98	108,992.96						
Unassigned	1,237,270.73	1,858,803.97	1,112,834.51	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
Unreserved					891,603.87	569,893.74	1,029,010.61	854,804.00	721,096.00	582,724.00
Total general fund	$ 4,942,809.87	$ 5,022,562.00	$ 2,850,658.94	$ 2,202,482.43	$ 1,509,888.65	$ 2,309,907.66	$ 2,213,849.94	$ 3,233,655.00	$ 2,328,223.00	$ 2,613,552.00
All Other Governmental Funds										
Restricted	$ 94,442.53	$ 94,407.90	$ 55,195.30	$ 53,778.40	$	$	$	$	$	$
Assigned	715.00	1,695.00	41,920.00	41,091.63						
Reserved					40,193.00					
Unreserved, reported in:										
Special revenue fund (deficit)										
Capital projects fund					53,500.40	53,500.40	53,500.40	53,500.00	247,407.00	870,296.00
Debt service fund (deficit)					22,466.98	22,868.05	363.28	85,152.00	86,341.00	2,941.00
Total all other governmental funds	$ 95,157.53	$ 96,102.90	$ 97,115.30	$ 94,870.03	$ 116,160.38	$ 76,368.45	$ 53,863.68	$ 138,652.00	$ 333,748.00	$ 873,237.00

Source: CAFR Schedule B-1

EXHIBIT "J-4"

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Tax levy	$ 20,922,199.00	$ 20,844,176.00	$ 20,758,212.00	$ 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
Tuition					19,323.85					
Miscellaneous	162,882.68	288,810.16	185,511.38	78,678.89	115,314.51	348,300.45	201,353.55	227,741.00	169,530.00	52,323.00
State sources	3,291,619.45	3,504,239.14	2,900,815.52	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
Federal sources	869,637.81	2,090,012.00	789,834.26	961,424.98	915,886.79	678,826.64	780,035.51	1,448,754.00	692,996.00	705,611.00
Total revenue	25,246,338.94	26,727,237.30	24,634,373.16	24,179,561.26	24,753,161.04	24,339,671.73	24,198,759.29	24,041,533.00	21,797,565.00	20,594,888.00
Expenditures										
Instruction										
Regular Instruction	9,164,646.33	9,461,334.54	9,139,520.30	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
Special education instruction	3,340,355.24	3,665,803.73	2,589,316.06	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
Other instruction	702,573.16	712,756.66	1,283,168.54	348,515.15	507,575.58	402,388.08	380,537.08	427,820.00	352,459.00	522,782.00
Support services:										
Tuition						690,511.55	725,065.49	820,007.00	784,983.00	778,183.00
Student and instruction related services	3,981,731.47	3,309,805.32	3,321,378.87	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
General administrative services	989,824.67	596,679.57	626,883.44	788,816.70	844,735.70	519,200.62	500,487.21	581,478.00	654,343.00	638,467.00
School administrative services	949,389.73	1,099,215.96	1,194,885.61	932,619.70	916,025.53	813,535.28	752,819.77	761,850.00	754,098.00	747,712.00
Central services	374,700.01	378,103.90	376,341.61	349,944.85	407,424.40	297,658.54	290,754.60			
Administrative information technology	99,160.70	99,480.79	89,738.05	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
Plant operations and maintenance	2,185,505.04	2,043,533.72	1,860,226.55	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
Pupil transportation	1,293,750.10	1,359,526.87	1,437,385.47	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
Unallocated benefits						4,944,956.95	4,742,480.94	4,815,215.00	3,879,967.00	3,422,368.00
Capital outlay	489,276.89	569,689.46	414,238.06	157,794.32	1,297,235.37	563,179.88	1,524,523.48	457,943.00	999,703.00	380,798.00
Debt service:										
Principal	1,019,627.00	998,680.49	964,445.86	859,384.80	864,557.76	770,000.00	670,000.00	620,000.00	636,532.00	560,000.00
Interest and other charges	800,529.50	831,939.01	858,461.85	897,742.92	917,623.11	907,068.20	1,015,632.50	1,044,295.00	982,089.00	1,138,929.00
Total expenditures	25,391,069.84	25,126,550.02	24,155,990.27	23,508,257.83	25,790,775.32	24,267,054.24	25,454,487.86	23,314,053.00	22,620,201.00	20,250,302.00
Excess (deficiency) of revenues over (under) expenditures	(144,730.90)	1,600,687.28	478,382.89	671,303.43	(1,037,614.28)	72,617.49	(1,255,728.57)	727,480.00	(822,636.00)	344,586.00
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)		245,131.02	172,038.89		277,187.20	45,945.00	153,580.00			
Encumbrances cancelled										89,604.00
State grant		325,072.36								
Cancel state receivable								(14,897.00)		
Transfers out	64,033.40							(6,897.00)	(2,182.00)	(500.00)
Total other financing sources (uses)	64,033.40	570,203.38	172,038.89		277,187.20	45,945.00	153,580.00	(21,794.00)	(2,182.00)	89,104.00
Net change in fund balances	$ (80,697.50)	$ 2,170,890.66	$ 650,421.78	$ 671,303.43	$ (760,427.08)	$ 118,562.49	$ (1,102,148.57)	$ 705,686.00	$ (824,818.00)	$ 433,690.00
Debt service as a percentage of noncapital expenditures	7.31%	7.45%	7.68%	7.53%	7.28%	7.08%	7.04%	7.28%	7.49%	8.55%

Source: CAFR Schedule B-2

EXHIBIT "J-5"

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Cancelled Accounts Payable	Miscellaneous	Total
2014	$ 4,937.60	$ 18,636.00	$ 20,327.61	$ 111,078.01	$ 154,979.22
2013	5,547.39	26,029.14	203,175.37	50,426.93	285,178.83
2012	8,072.42	66,897.05	13,266.53	95,959.31	184,195.31
2011	7,020.77		30,813.79	39,176.81	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

Source: District Records

EXHIBIT "J-6"

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

Year Ended	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)
2013	$ 41,257,000.00	$ 2,558,728,600.00	$ 263,081,000.00	$ 4,158,700.00	$ 178,123,400.00	$ 3,045,348,700.00	$ 3,723,634.00	$ 3,049,072,334.00	1.094	$ 3,066,222,327.00
2012	44,509,600.00	2,575,313,400.00	255,778,700.00	4,145,400.00	184,744,300.00	3,064,491,400.00	3,723,975.00	3,068,215,375.00	1.070	3,109,568,018.00
2011	44,725,400.00	2,580,986,900.00	253,914,500.00	4,109,600.00	192,544,000.00	3,076,280,400.00	5,087,706.00	3,081,368,106.00	1.065	3,174,403,980.00
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

* - 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

EXHIBIT "J-7"

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

	Township of Colts Neck Board of Education			Overlapping Rates				
Fiscal Year Ended June 30,	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Freehold Regional School District	Colts Neck Township	County Library/Other	Monmouth County	Total Direct and Overlapping Tax Rate
2014	0.653	0.052	$ 0.705	$ 0.447	$ 0.226	$ 0.033	$ 0.276	$ 1.687
2013	0.635	0.051	0.686	0.408	0.215	0.033	0.276	1.618
2012	0.629	0.051	0.680	0.390	0.206	0.015	0.279	1.570
2011	0.625	0.049	0.674	0.391	0.200	0.030	0.256	1.551
2010*	0.618	0.049	0.667	0.383	0.170	0.056	0.261	1.537
2009	1.299	0.108	1.407	0.822	0.343	0.093	0.547	3.212
2008	1.289	0.103	1.392	0.831	0.334	0.058	0.577	3.192
2007	N/A	N/A	1.378	0.812	0.305	0.632	0.564	3.691
2006	N/A	N/A	1.347	0.765	0.353	0.033	0.572	3.070
2005	N/A	N/A	1.313	0.755	0.332	0.032	0.585	3.017

*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.

EXHIBIT "J-8"

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

	2014				2005		
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Trump Nat'l Golf & CC	$ 31,006,800.00	1	1.017%	Due Process Golf & Horse Stables	$ 9,890,800.00	1	0.724%
Due Process Golf & CC	21,000,000.00	2	0.689%	Laird and Company	4,788,100.00	2	0.351%
Wellspring Stables FL LLC	10,934,700.00	3	0.359%	Shadow Isle Golf Club LLC	4,283,600.00	3	0.314%
Chapman, Nancy Trustee Stone Hill Terr.	9,017,400.00	4	0.296%	Pegasus Properties, LLC	3,798,700.00	4	0.278%
Parmar, Parmit Singh	8,000,000.00	5	0.262%	Rojen Inc.	3,772,000.00	5	0.276%
Laird and Company	8,000,000.00	6	0.262%	Meridian/Qualcare -CN Assisted Living	3,700,000.00	6	0.271%
24 Realty, LLC	6,500,000.00	7	0.213%	Parmar, Parmit Singh	3,104,000.00	7	0.227%
Pegasus Properties, LLC	5,970,000.00	8	0.196%	Pebble Creek at Colts Neck	3,095,000.00	8	0.227%
Colts Neck Shopping Center Assoc	5,967,400.00	9	0.196%	34 South Associates LLC	2,908,400.00	9	0.213%
New Jersey American Water SSC	4,369,300.00	10	0.143%	Colts Neck Shopping Center Assoc	2,595,400.00	10	0.190%
Total	$ 110,765,600.00		3.633%	Total	$ 41,936,000.00		3.070%

Source: Municipal Tax Assessor

Source: Municipal Tax Assessor

EXHIBIT "J-9"

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	
2014	$ 20,922,199.00	$ 20,922,199.00	100.00%	0.00
2013	20,844,176.00	20,844,176.00	100.00%	0.00
2012	20,758,212.00	20,758,212.00	100.00%	0.00
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

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.

EXHIBIT "J-10"

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

Fiscal Year Ended June 30,	Governmental Activities: General Obligation Bonds	Governmental Activities: Capital Leases	Total District	Percentage of Personal Income (a)	Per Capita (a)
2014	$ 16,225,000.00	$ 216,439.36	$ 16,441,439.36	N/A	N/A
2013	17,105,000.00	356,066.36	17,461,066.36	N/A	1,715.06
2012	17,955,000.00	259,615.83	18,214,615.83	2.94%	1,804.50
2011	18,780,000.00	217,319.31	18,997,319.31	3.21%	1,871.47
2010	19,550,000.00	306,704.11	19,856,704.11	3.43%	1,955.94
2009	20,320,000.00	124,074.67	20,444,074.67	3.64%	2,031.20
2008	21,090,000.00	121,540.16	21,211,540.16	3.56%	2,109.55
2007	21,665,000.00	9,895.00	21,674,895.00	3.73%	2,151.14
2006	22,285,000.00	72,952.00	22,357,952.00	4.10%	2,202.75
2005	22,620,000.00	129,179.00	22,749,179.00	4.54%	2,234.47

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 state

(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.

EXHIBIT "J-11"

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
2014	$ 16,225,000.00	$ -0-	$ 16,225,000.00	N/A	N/A
2013	17,105,000.00	-0-	17,105,000.00	0.561%	1,680.09
2012	17,955,000.00	-0-	17,955,000.00	0.585%	1,778.78
2011	18,780,000.00	-0-	18,780,000.00	0.609%	1,850.06
2010*	19,550,000.00	-0-	19,550,000.00	0.628%	1,925.73
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%	2,097.46
2007	21,665,000.00	-0-	21,665,000.00	1.531%	2,150.16
2006	22,285,000.00	-0-	22,285,000.00	1.600%	2,195.57
2005	22,620,000.00	-0-	22,620,000.00	1.656%	2,221.79

* - 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.

EXHIBIT "J-12"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Colts Neck Township	$ 10,650,574.97	100.000%	$ 10,650,574.97
Other debt			
Freehold Regional High School	31,400,000.00	10.355%	3,251,316.61
Monmouth County	452,960,719.95	2.776%	12,576,425.17
Subtotal, overlapping debt			26,478,316.75
Colts Neck Township School District Direct Debt			16,225,000.00
Total direct and overlapping debt			$ 42,703,316.75

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.

EXHIBIT "J-13"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Year 2013:

Equalized Valuation Basis	
2013	$ 3,062,498,693.00
2012	3,119,075,216.00
2011	3,113,644,130.00
	$ 9,295,218,039.00
Average Equalized Valuation of Taxable Property	$ 3,098,406,013.00
Debt Limit (3% (a) of Average Equalization Value)	$ 92,952,180.39
Total Net Debt Applicable to Limit	17,105,000.00
Legal Debt Margin	$ 75,847,180.39

	Fiscal Year Ending June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	$ $92,952,180.39	$ $96,533,321.56	$ 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
Total Net Debt Applicable To Limit	17,105,000.00	17,955,000.00	19,979,197.27	24,986,943.96	26,134,343.59	27,092,000.69	28,353,792.00	29,324,847.00	N/A	N/A
Legal Debt Margin	$ 75,847,180.39	$ 78,578,321.56	$ 79,861,955.39	$ $76,751,711.13	$ 68,692,099.07	$ 68,692,099.07	$ 59,602,992.00	$ N/A	$ N/A	$ N/A
Total Net Debt Applicable to the Limit as a % of Debt Limit	18.40%	18.60%	20.01%	24.56%	28.28%	28.28%	32.24%	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.

EXHIBIT "J-14"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2013	10,181	$ N/A	$ N/A	3.10%
2012	10,094	620,034,044.00	61,426.00	7.60%
2011	10,151	592,361,605.00	58,355.00	7.30%
2010	10,152	578,207,160.00	56,955.00	7.30%
2009	10,065	561,264,660.00	55,764.00	7.20%
2008	10,055	596,603,370.00	59,334.00	4.30%
2007	10,076	581,284,440.00	57,690.00	3.40%
2006	10,150	545,217,400.00	53,716.00	4.60%
2005	10,181	500,589,589.00	49,169.00	4.50%
2004	10,166	481,604,084.00	47,374.00	4.80%

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 prese
(c) Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau
Economic Analysis.
(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

EXHIBIT "J-15"

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

	2012				2003		
Employer	# of Employees		Rank (Optional)	Percentage of Total Employment (b)	# of Employees	Rank (Optional)	Percentage of Total Employment
Naval Weapons Station EARLE	635	(a)	1	13.01%			N/A
Colts Neck Township Bd. Of Educ.	244		2	5.00%	N/A		N/A
Delicious Orchards	228	(a)	3	4.67%	N/A		N/A
Colts Neck Township	47		4	0.96%	N/A		N/A
Lairds	25		5	0.51%	N/A		N/A
	1,179			6.15%	N/A		N/A

Source: Municipal Records
(a) Estimate
(b) 4,879 per New Jersey Department of Labor 2012 Average Labor Force Estimates

EXHIBIT "J-16"

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

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:									
Regular		96	98	110	110	108	100	100	138
Special education		29	50	46	46	60	62	62	53
Support Services:									
Student & instruction related services		42	33	35	35	28	26	25	17
General administrative services		3	3	3	3	3	3	5	4
School administrative services		7	11	11	11	11	11	11	10
Central services		7	4	4	4	5	5	4	4
Plant operations and maintenance		19.2	18	18	19	18	16	16	16
Pupil transportation		25	27	26	28	29	29	29	27
Total	0	228	244	253	256	262	252	252	269

Source: District Personnel Records

EXHIBIT "J-17"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Pupil/Teacher Ratio Elementary	Pupil/Teacher Ratio Middle School	Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2013-2014	1,034	$23,081,636.45	$22,322.67	7.36%	138	10:01	8:01	1,004	956	-8.89%	95.22%
2012-2013	1,093	22,726,241.06	20,792.54	10.99%	140	9:01	9:01	1,102	1,054	-7.16%	95.64%
2011-2012	1,170	21,918,844.50	18,734.06	-3.68%	148	10:01	9:01	1,187	1,132	-2.63%	95.37%
2010-2011	1,216	21,593,335.79	19,450.00	11.30%	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%

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).

EXHIBIT "J-18"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
District Buildings										
Early Learning Center										
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)	457	576	576	576	576	576	576	576	576	576
Enrollment	278	288	339	363	381	391	375	412	437	445
Elementary										
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)	587	574	574	574	574	574	574	574	574	574
Enrollment	348	375	384	398	434	473	471	488	484	489
Middle School										
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)	677	603	603	603	603	603	603	603	603	603
Enrollment	408	430	467	462	486	509	508	533	540	568
Other										
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	5,520	5,520	5,520	

Number of Schools at June 30, 2013
- 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.

EXHIBIT "J-19"

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
2014	$ 482,277.85	$ 134,400.17	$ 130,752.60	$ 5,423.99	$ 211,701.09
2013	475,230.00	130,636.00	131,829.00	15,019.00	197,746.00
2012	392,584.00	112,346.67	110,506.67	4,242.00	165,488.67
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
Total School Facilities	$ 2,567,929.00	$ 666,890.00	$ 489,872.00	$ 31,196.00	$ 1,379,971.00

* - 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

EXHIBIT "J-20"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30,2014
UNAUDITED

	COVERAGE	DEDUCTIBLE
Package Policy - School Alliance Insurance Fund (SAIF)		
Property:		
Blanket Buildings and Contents Limits	$59,335,202	$2,500
Comprehensive General Liability - Aggregate	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Inland Marine - Computers	1,088,000	
Boiler Machinery	100,000,000	
Excess Liability - SAIF	5,000,000	
School Board Legal Liability - Directors and Officers Policy MOCSSIF/NJSBAIG	1,000,000	5,000
Workers Compensation - MOCSSIF/NJSBAIG	2,000,000	
Group Accident - Volunteers	100,000	
Student Accident - All Students (except football)	1,000,000	
AHERA Liability	500,000	1,000
Public Employees Faithful Performance Blanket Bond - SAIF		
Employee Dishonesty	500,000	1,000
John A. Paredes - Business Administrator	100,000	
John Antonides - Treasurer of School Monies	250,000	

Source: District Records
Insurance Agent/Policy

SINGLE AUDIT SECTION

EXHIBIT "K-1"

SUPLEE, CLOONEY & COMPANY
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, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Township of Colts Neck School District (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Colts Neck School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did note immaterial weaknesses 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 5, 2014.

Compliance and Other Matters

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

Purpose of This Report

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

Suplee, Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

November 5, 2014

PUBLIC SCHOOL ACCOUNTANT NO. 93

SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
308 East Broad Street, Westfield, New Jersey 07090-2122
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH U.S. 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

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Colts Neck School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Colts Neck School District's major federal and state programs for the year ended June 30, 2014. The 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Colts Neck School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey *OMB 04-04*. Those standards, *OMB Circular A-133* and New Jersey *OMB 04-04* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Township of Colts Neck School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Township of Colts Neck School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Township of Colts Neck School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Township of Colts Neck School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and New Jersey *OMB 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 and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133* and State of New Jersey *OMB 04-04*. Accordingly, this report is not suitable for any other purpose.

Suplee, Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

Robert B. Cozzarelli
PUBLIC SCHOOL ACCOUNTANT NO. 93

November 5, 2014

EXHIBIT K-3
SCHEDULE A

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD FROM	GRANT PERIOD TO	AWARD AMOUNT	BALANCE AT JUNE 30, 2013	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE JUNE 30, 2014 (ACCOUNTS RECEIVABLE)	BALANCE JUNE 30, 2014 UNEARNED REVENUE	BALANCE JUNE 30, 2014 DUE GRANTOR
Special Revenue Fund										
U.S. Department of Education										
Passed-through State Department of Education:										
General Fund										
Impact Aid	84.041	9/1/13	8/31/14	$623,067.00		$623,067.00	($623,067.00)			
Total General Fund						623,067.00	(623,067.00)			
Special Revenue Fund										
Title I Part A	84.010	9/1/12	8/31/13	10,709.00	(3,684.00)	3,684.00				
Title I Part A	84.010	7/1/13	6/30/14	16,839.00		14,881.00	(16,839.00)	($1,958.00)		
Title II Part A	84.367	9/1/12	8/31/13	24,400.00	(4,044.00)	4,044.00				
Title II Part A	84.367	7/1/13	6/30/14	24,763.00		3,463.00	(24,763.00)	(21,300.00)		
I.D.E.A. Part B	84.027	9/1/12	8/31/13	224,722.00	(126,552.00)	126,552.00				
I.D.E.A. Part B	84.027	7/1/13	6/30/14	206,269.00		143,199.00	(206,269.00)	(63,070.00)		
I.D.E.A. Preschool	84.173	7/1/13	6/30/14	9,964.00		4,277.00	(9,964.00)	(5,687.00)		
Total U.S. Department of Education					(134,280.00)	300,100.00	(257,835.00)	(92,015.00)		
Total Special Revenue Fund					(134,280.00)	300,100.00	(257,835.00)	(92,015.00)		
Enterprise Fund:										
U.S. Department of Agriculture										
Passed-through State Department of Education:										
U.S.D.A. Commodities Program	10.550	7/1/13	6/30/14	8,681.69		8,681.69	(4,646.70)		$4,034.99	
U.S.D.A. Commodities Program	10.550	7/1/12	6/30/13	22,960.04	4,724.73		(4,724.73)			
National School Lunch Program	10.555	7/1/13	6/30/14	30,930.89		24,268.53	(30,930.89)	(6,662.36)		
National School Lunch Program	10.555	7/1/12	6/30/13	37,066.65	(3,475.72)	3,475.72				
Total Enterprise Fund					1,249.01	36,425.94	(40,302.32)	(6,662.36)	4,034.99	
Total Federal Financial Assistance					($133,030.99)	$959,592.94	($921,204.32)	($98,677.36)	$4,034.99	

See accompanying notes to schedules of financial assistance.

EXHIBIT "K-4"
SCHEDULE "B"

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2013 DEF. REVENUE (ACCTS REC)	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR'S BALANCES	BALANCE JUNE 30, 2014 (ACCOUNTS RECEIVABLE)	BALANCE JUNE 30, 2014 DEFERRED REVENUE	BALANCE JUNE 30, 2014 DUE GRANTOR	MEMO BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES
State Department of Education												
General Funds:												
Categorical Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	$703,608.00		$636,149.34	($703,608.00)	$67,458.66				($67,458.66)	$703,608.00
Categorical Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	713,910.00		66,531.12		(66,531.12)					713,910.00
Categorical Security Aid	14-495-034-5120-084	7/1/13-6/30/14	89,893.00		81,277.66	($89,893.00)	8,615.34				($8,615.34)	89,893.00
Categorical Security Aid	13-495-034-5120-084	7/1/12-6/30/13	90,177.00		8,401.92		(8,401.92)					90,177.00
Categorical Transportation Aid	14-495-034-5120-078	7/1/13-6/30/14	171,526.00		155,083.66	($171,526.00)	16,442.34				($16,442.34)	171,526.00
Categorical Transportation Aid	13-495-034-5120-078	7/1/12-6/30/13	174,881.00		16,292.96		(16,292.96)					174,881.00
Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	13,941.00		12,608.34	(13,941.00)	1,332.66				(1,332.66)	13,941.00
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	256,535.00			(256,535.00)		($256,535.00)			(256,535.00)	256,535.00
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	276,460.00	($276,460.00)	276,460.00							276,460.00
Non-Public Transportation Aid	14-100-034-5120-068	7/1/13-6/30/14	20,434.00			(20,434.00)		(20,434.00)			(20,434.00)	20,434.00
Non-Public Transportation Aid	13-100-034-5120-068	7/1/12-6/30/13	17,620.00	(17,620.00)	17,620.00							17,620.00
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	789,217.45		752,459.68	(789,217.45)		(36,757.77)			(36,757.77)	789,217.45
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	703,123.14	(34,924.22)	34,924.22							703,123.14
Total General Funds				(329,004.22)	2,057,808.90	(2,045,154.45)	2,623.00	(313,726.77)			(407,575.77)	4,021,325.59
Debt Service Fund:												
Debt Service Aid Type II	14-100-034-5120-125	7/1/13-6/30/14	135,266.00		135,266.00	(135,266.00)						135,266.00
Total Debt Service Fund					135,266.00	(135,266.00)						135,266.00
Enterprise Fund:												
National School Lunch Program (State Share)	12-100-034-5120-122	7/1/13-6/30/14	2,420.69		1,884.76	(2,420.69)		(535.93)			(535.93)	2,420.69
National School Lunch Program (State Share)	13-100-034-5120-122	7/1/12-6/30/13	2,768.38	(254.46)	254.46							2,768.38
Total Enterprise Fund				(254.46)	2,139.22	(2,420.69)		(535.93)			(535.93)	5,189.07
Total State Financial Assistance Subject to OMB 04-04				($329,258.68)	$2,195,214.12	($2,182,841.14)	$2,623.00	($314,262.70)			($408,111.70)	$4,161,780.66
On Behalf TPAF Contributions Not Subject to OMB 04-04:												
On-behalf TPAF non-contributory insurance					34,224.00	(34,224.00)						
On-behalf TPAF Pension					387,738.00	(387,738.00)						
On-behalf TPAF post retirement medical					691,860.00	(691,860.00)						
Total State Financial Assistance					$3,309,036.12	($3,296,663.14)						

See accompanying notes to schedules of financial assistance.

EXHIBIT "K-5"

Township of Colts Neck School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2014

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 financials assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of 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.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $9,874.00 for the general fund and ($695.00) for the special revenue 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:

	Federal	State	Total
General Fund	$623,067.00	$3,156,353.45	$3,779,420.45
Special Revenue Fund	246,570.81		246,570.81
Debt Service Fund		135,266.00	135,266.00
Food Service Fund	40,302.32	2,420.69	42,723.01
	$909,940.13	$3,294,040.14	$4,203,980.27
GAAP Adjustment	$11,264.19	$2,623.00	$13,887.19
Total Awards and Financial Assistance	$921,204.32	$3,296,663.14	$4,217,867.46

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. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2014. 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, 2014.

EXHIBIT "K-6"

Township of Colts Neck School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Section I – Summary of Auditor's Results

Financial Statements

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

Federal 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?	No
(2)	Type of Auditor's Report issued on compliance for major state program(s)?	Unmodified
(3)	Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133?	No

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

Program	Grant Number
Impact Aid	84.041

(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

Township of Colts Neck School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

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? No

(2) Type of Auditor's Report issued on compliance for major state program(s)? Unmodified

(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):

Program	Grant Number
Categorical Special Education Aid	14-495-034-5120-089
Categorical Security Aid	14-495-034-5120-084
Adjustment Aid	14-495-034-5120-085
Extraordinary Aid	14-100-034-5120-473

(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

EXHIBIT "K-7"

Township of Colts Neck School District

Schedule of Prior Year Audit Findings

Not Applicable