LOPATCONG TOWNSHIP

BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

LOPATCONG TOWNSHIP BOARD OF EDUCATION

LOPATCONG TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by

LOPATCONG TOWNSHIP BOARD OF EDUCATION

DEPARTMENT OF ADMINISTRATION

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INTRODUCTORY SECTION

Board of Education of Lopatcong Township
321 Stonehenge Drive
Phillipsburg, New Jersey 08865
Telephone (908) 213-2995
Fax (908) 213-2875

William A. Bauer
Business Administrator/Board Secretary

Board Meets Second Tuesday of Each Month

November 26, 2014

Honorable President and
Members of the Board of Education
Lopatcong Township School District
321 Stonehenge Drive
Phillipsburg, New Jersey 08865

Dear Board Members:

The comprehensive annual financial report of the Lopatcong 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. 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 multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations", and New Jersey OMB's Circular 04-04, "Single Audit Policy for recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's reports on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the Single Audit Section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Lopatcong Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Lopatcong Township Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12 as well as special education. The district completed the 2012-2013 fiscal year with an average daily enrollment 872.8 students, which is a 1.5% decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2004-2005	841.6	1.0%
2005-2006	889.4	5.7%
2006-2007	918.9	3.3%
2007-2008	902.4	(1.8%)
2008-2009	877.5	(2.8%)
2009-2010	934.7	6.5%
2010-2011	917.5	(1.8%)
2011-2012	885.9	(3.4%)
2012-2013	872.8	(1.5%)
2013-2014	861.0	(1.3%)

2. ECONOMIC CONDITION AND OUTLOOK: The Lopatcong Township Board of Education recognizes the ever changing environment of financing education in the State of New Jersey. The School Funding Reform Act of 2008, reduction in State Aid and the potential for failed budgets do present a challenge now and for future years. The Lopatcong Township Board of Education, along with its excellent staff, believes it will continue to provide a comprehensive education for all of its children. Exceptional instructional programs continue to be offered and reviewed on a regular basis for improvements. Students in grades three through eight scored comparably with the district factor group and state averages on the New Jersey State Assessment Program (NJ ASK-3 through 8) in Language Arts Literacy and in Mathematics.

3. MAJOR INITIATIVES:

Major initiatives for the 2013-2014 school year included the implementation of the new Danielson Teacher Evaluation Model according to Achieve NJ using the teachscape platform, teaching to the Common Core State Standards with newly aligned curriculum and the utilization of a new Math Expressions Program in grades K-5. In addition, technology enhancements to support PARCC were put into place.

Our school district continues to be most fortunate in having the support and commitment of various parent and volunteer organizations. The Lopatcong Parent Teacher Association awarded grants for the purchase of materials and funding of assembly programs/guest speakers. Our children benefited from a number of programs sponsored through the generosity of our PTA.

These encompassed programs focusing on the areas of theater arts and safety, celebrations, and a variety of after-school activities. Lopatcong Township Elementary and Middle Schools continue to be the center for activities within the community, not only academically but civically, opening its doors for many after-school and Saturday events. The Lopatcong Athletic Association and the Board of Education have been working jointly to open the school for sports activities throughout the year which makes us a better community.

4. INTERNAL ACCOUNT 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 these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal 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 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. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at 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. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues meeting its responsibilities for sound financial management.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2014 and the percentage of increase/ (decrease) in relation to prior year amounts.

	Amount	% of Total	Inc./(Dec.) from Prior Year	% Inc./(Dec.)
REVENUES:				
Local Sources:				
Tax Levy:				
General	$11,896,112	69.80%	$273,660	2.35%
Debt Service	812,260	4,77%	(82,432)	(9.21%)
Other Revenues	128,901	0.76%	(15,712)	(10.86%)
State Aid	3,798,173	22.29%	25,783	0.68%
Federal Aid	407,415	2.39%	53,364	15,07%
Total Revenues	$17,042,861	100.00%	$254,663	1,52%
EXPENDITURES:				
Current Expense	$16,187,833	91.35%	$1,068,400	7.07%
Capital Outlay	26,675	0.15%	18,900	243.09%
Special Projects	410,969	2.32%	93,426	29.42%
Debt Service				
Principal	520,000	2.98%	10,000	1.96%
Interest	574,306	3.24%	(18,050)	(3.05%)
Total Expenditures	$16,547,107	100.00%	$1,172,676	7.09%

Note: Excludes "on behalf" payments, lease purchase acquisitions and capital projects.

8. DEBT ADMINISTRATION: At June 30, 2014, the District's outstanding debt issue was $13,790,000 issued for the construction of the middle school.

9. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The District has adopted a cash management plan that requires it to deposit pubic funds in public depositories protected from loss under 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.

10. RISK MANAGEMENT: The Board carries 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.

11. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the accounting firm of William Colantano, CPA. In addition to meeting the requirements set forth in statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose financial 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.

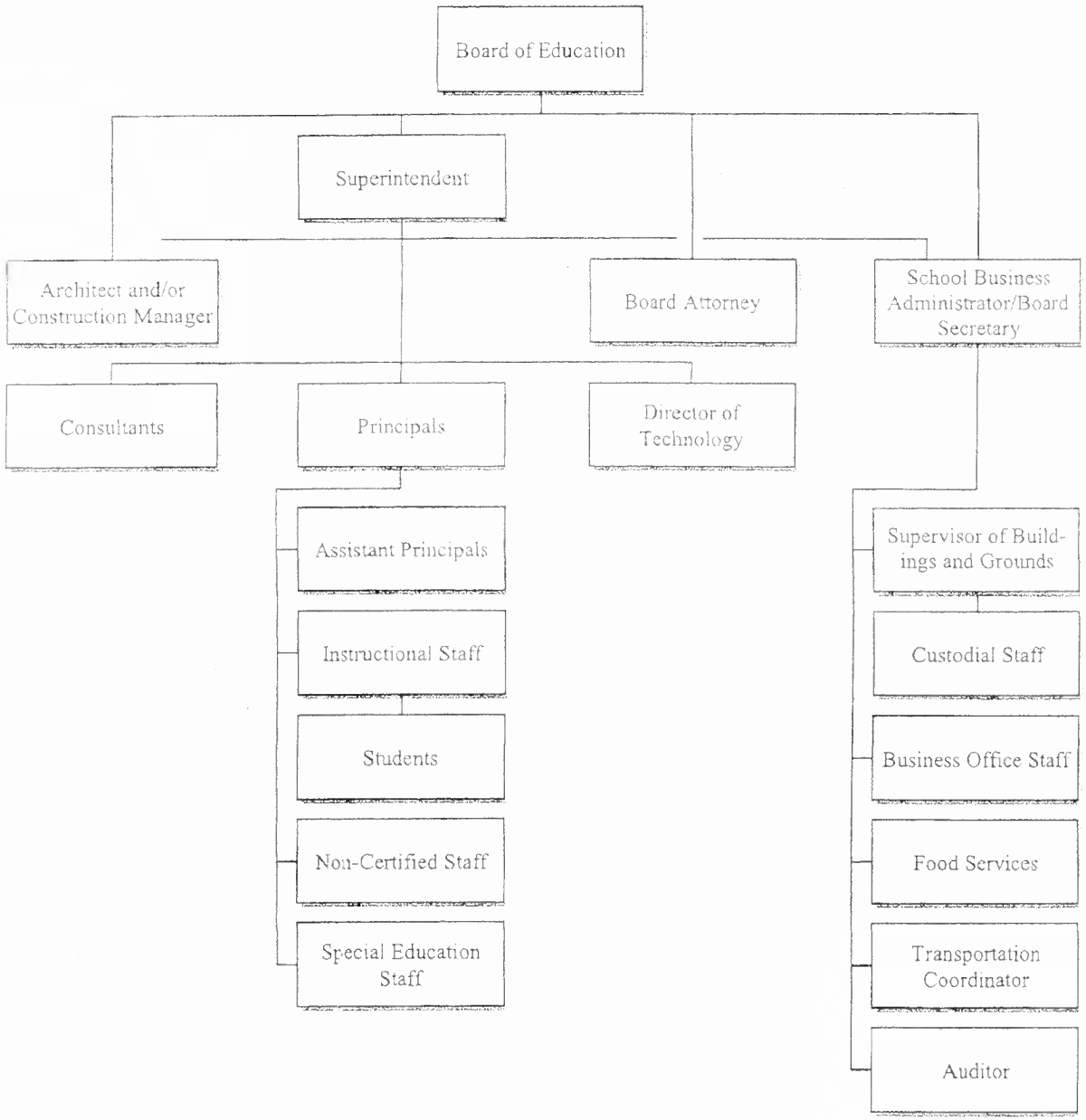
12. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Lopatcong Township School District Board of Education for their dedication in providing fiscal accountability to the citizens and taxpayers of the school district, and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully Submitted,

William A. Bauer,
School Business Administrator/Board Secretary

LOPATCONG TOWNSHIP SCHOOL DISTRICT

1110 – Organizational Chart



Adopted: August 18, 2009

LOPATCONG TOWNSHIP SCHOOL DISTRICT
PHILLIPSBURG, NEW JERSEY
JUNE 30, 2014

ROSTER OF OFFICIALS

Members of the Board of Education		Term Expires
William Taggart III	President	2015
Dorothy Lee Rozycki	Vice-President	2014
Yvette Day		2014
Ernest Gallant		2014
Robert McFarlane		2014
David Corrado		2015
Bruce Hall		2015
Terry Glennon		2016
Jonathan Heleno		2016

Other Officials

Rainie Roncoroni	Superintendent of Schools
William Bauer	School Business Administrator/ Board Secretary
Paula A. Hatch	Treasurer
Joseph B. Comegno	Attorney

LOPATCONG TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

Audit Firm

William M. Colantano, Jr., CPA

Architect

Settembrino Architects

Attorneys

Joseph B. Comegno II

Official Depository

Investors Bank

FINANCIAL SECTION

William M. Colantano, Jr.
A Professional Corporation

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

November 26, 2014

Honorable President and
Members of the Board of Education
Lopatcong Township School District
County of Warren, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lopatcong Township School District (the District) in the County of Warren, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, 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 identified in the table of contents 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 District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 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.

William M. Colantuono, Jr.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

William Colantano

William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

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

The discussion and analysis of Lopatcong Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- For all activities general revenue support is 95.6 percent. The community, as a whole, is the primary support or funding source for the Lopatcong Township School District.

- Property taxes continue to be the primary source of revenue for the school district making up 68.9 percent of the total revenues.

- Total assets decreased $1,341,824. Cash and cash equivalents decreased by $292,966, receivables and other assets decreased by $557,794 and capital assets decreased by $491,064.

- Among major funds, the General Fund had $16,703,371 in revenues and $17,290,554 in expenditures. The General Fund's balance decreased $419,023 over 2013 after a capital reserve transfer in of $168,160.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of New Position and The Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method

called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided. 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 Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

Table 1
Net Position

			Variance	
	6/30/2014	6/30/2013	$	%
Assets				
Current & Other Assets	$ 2,222,680	$ 3,073,440	$ 850,760)	(27.68)
Capital Assets	16,351,832	16,842,896	(491,064)	(2.92)
Total Assets	18,574,512	19,916,336	(1,341,824)	(6.74)
Liabilities				
Long-Term Liabilities	14,502,092	15,006,747	(504,655)	(3.36)
Other Liabilities	403,254	584,642	(181,388)	(31.03)
Total Liabilities	14,905,346	15,591,389	(686,043)	(4.40)
Net Position				
Net Investment in Capital Assets	2,561,832	2,637,896	(76,064)	(2.88)
Restricted	1,602,787	2,020,129	(417,342)	(20.66)
Unrestricted	(495,453)	(333,078)	(162,375)	48.75
Total Net Position	$ 3,669,166	$ 4,324,947	$ (655,781)	(15.16)

Total assets decreased $1,341,824. Cash and cash equivalents decreased by $292,966, receivables and other assets decreased by $557,794 and capital assets decreased by $491,064. Unrestricted net assets, the part of net assets that can be used to finance day to day activities with out constraints established by grants or legal requirements, of the School District decreased by $162,375.

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

Table 2 shows the changes in net position in fiscal year 2014 with comparisons to 2013.

Table 2
Changes in Net Position

	6/30/2014	6/30/2013	Variance $	Variance %
REVENUES				
Program Revenues:				
Changes for Services	$ 304,226	$352,810	$ (48,584)	(13.77)
Operating Grants	497,692	396,085	101,607	25.65
General Revenues:				
Property Taxes	12,708,372	12,517,144	191,228	1.53
Unrestricted Grants	4,860,063	5,023,938	(163,875)	(3.26)
Other	61,354	44,894	16,460	36.66
Total Revenues	18,431,707	18,334,871	98,836	0.53
PROGRAM EXPENSES				
Instruction:				
Regular	6,167,467	5,940,174	227,293	3.83
Special	2,298,410	1,576,311	722,099	45.81
Other	53,982	903,533	(849,551)	(94.03)
Support Services:				
Tuition	5,289,756	4,438,501	851,255	19.18
Student & Instructional Related	1,336,677	1,553,014	(216,337)	(13.93)
General & School Administrative.	1,269,802	1,219,793	50,009	4.10
Plant Operations & Maintenance	1,279,279	1,158,008	121,271	10.47
Transportation	523,953	503,132	20,821	4.14
Food Service	295,772	308,637	(12,865)	(4.17)
Child Care Program	31,382	30,487	895	2.94
Interest on Long Term Debt	541,008	528,989	12,019	2.27
Total Expenses	19,087,488	18,160,579	926,909	5.10
Increase (Decrease) Before Special Item	(655,781)	174,292	(830,073)	
Special Item:				
State Capital Project Grant Deobligated		(78,495)	(78,495)	
Increase (Decrease) in Net Position	$ (655,781)	$ 95,797	$ (751,578)	

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 70.2 percent of revenues for governmental activities for the Lopatcong Township School District for fiscal year 2014.

Instruction comprises 44.6 percent of district expenses for K-8 students and tuition for high school and grammar students represents 27.7 percent. Support service expenses make up 27.7 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 show the total cost of services and the net cost of services for 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State Entitlements.

Table 3 provides a summary of the School District's cost of governmental services in 2014 and 2013.

Table 3
Cost of Governmental

	Total Cost of Services		Net Cost of Services	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Instruction	$8,519,859	$8,420,018	$8,314,044	$8,171,481
Support Services:				
Tuition	5,289,756	4,438,501	5,104,357	4,438,501
Student & Instructional Services	1,336,677	1,553,014	1,249,148	1,384,045
General & School Admin. Services	1,269,802	1,219,793	1,269,802	1,219,793
Plant Operations & Maint	1,279,279	1,158,008	1,279,279	1,158,008
Pupil Transportation	523,953	503,132	523,953	503,132
Food Services	295,772	308,637	12,343	25,529
Child Care Program	31,382	30,487	(8,364)	(17,794)
Interest on Long-Term Debt	541,008	528,989	541,008	528,989
Total Expenses	$19,087,488	$18,160,579	$18,285,570	$17,411,684

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

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

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

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

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

The dependence upon tax revenues is apparent. For all activities general revenue support is 95.9 percent. The community, as a whole, is the primary support or funding source for the Lopatcong Township School District.

The School District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $18,108,305 and expenditures of $18,798,325. The net negative change in fund balance for the year was most significant in the General Fund, reflecting a decrease of $419,023.

General Fund Budgeting Highlights

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

During the course of the fiscal 2014 year, the School District amended its General Fund budget as needed.

The School District uses program based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the General Fund, budget basis revenue and other financing sources were $15,637,927, $11,781 under original budgeted estimates of $15,649,708. This difference was due primarily to a shortfall in extraordinary state aid.

The General fund expenditures and other financing uses of the School District exceeded revenues by $408,420.

Capital Assets

At the end of the fiscal year 2014, the School District had $16,351,833 invested in land, building, furniture and equipment. Table 4 shows fiscal 2014 balances compared to 2013.

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	6/30/14	6/30/13	Variance Dollars	Variance %
Land	$ 144,255	$ 144,255	-	0.00
Construction in Progress	-	841,413	$ (841,413)	(100.00)
Buildings & Improvements	120,045	137,642	(17,597)	(12.78)
Land Improvements	15,887,532	15,483,939	403,593	2.61
Furniture & Equipment	200,000	235,647	(35,647)	(15.13)
Total	$ 16,351,832	$ 16,842,896	(491,064)	(2.92)

Overall capital assets decreased $491,064 from fiscal 2013 to fiscal year 2014. Increases in capital assets were offset by depreciation expenses for the year.

Debt Administration

At June 30, 2014, the School District had $14,502,092 in long term liabilities. Of this amount, $305,864 is for compensated absences, and the balance $14,196,228 is for bonds and unamortized bond premiums for school construction. Table 5 provides a summary of the District's outstanding debt at 6/30/2014 with comparisons to 6/30/2013.

Table 5
Outstanding Debt at Year End

	6/30/2014	6/30/2013	Variance Dollars	Variance %
Construction of Middle School and Refunding of 2000 School Bonds	$ 13,790,000	$ 14,310,000	($520,000)	(3.63)
	$ 13,790,000	$ 14,310,000	($520,000)	(3.63)

For the Future

At the present time, the Lopatcong Township School District is in good financial condition. However, Lopatcong Township is a sending district to Phillipsburg High School for grades 9-12. A challenge that faces the district over the next couple of years are the decreases in tuition adjustments, and the increases in tuition charged each year, resulting in large increases to the tuition line item of the budget. This budgeted expenditure is within the state mandated 2% cap.

In conclusion, the Lopatcong Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School 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 School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact the School Business Administrator/Board Secretary at Lopatcong Township Board of Education, 321 Stonehenge Drive, Phillipsburg, NJ 08865 or via phone at (908) 213-2995 x2500.

BASIC FINANCIAL STATEMENTS

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.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	$ 748,941	$ 55,982	$ 804,923
Receivables, Net	296,627	5,062	301,689
Inventory		5,281	5,281
Internal Balances	(37,913)	37,913	
Restricted Assets:			
Capital Reserve Account-Cash	849,144		849,144
Maintenance Reserve Account-Cash	158,500		158,500
Emergency Reserve Account-Cash	103,143		103,143
Capital Assets, Net (Note 4):			
Land and Construction in Progress	144,255		144,255
Other Capital Projects, Net of Depreciation	16,130,894	76,683	16,207,577
Total Assets	18,393,591	180,921	18,574,512
LIABILITIES			
Accounts Payable	97,529	12,397	109,926
Payable to Other Governments	1,612		1,612
Accrued Interest	258,457		258,457
Unearned Revenue	28,041	5,218	33,259
Long-Term Liabilities (Note 5):			
Due Within One Year	577,944		577,944
Due Beyond One Year	13,924,148		13,924,148
Total Liabilities	14,887,731	17,615	14,905,346
NET POSITION			
Net Investment in Capital Assets	2,485,149	76,683	2,561,832
Restricted For:			
Capital Reserve	849,144		849,144
Maintenance Reserve	158,500		158,500
Emergency Reserve	103,143		103,143
Tuition Reserve	492,000		492,000
Unrestricted	(582,076)	86,623	(495,453)
TOTAL NET POSITION	$ 3,505,860	$ 163,306	$ 3,669,166

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

			Program Revenues			Net (Expense) Revenue & Changes in Net Position		
Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Government Activities:								
Instruction:								
Regular	$ 4,051,644	$ 2,115,823	$ 45,150			$ (6,122,317)		$ (6,122,317)
Special Education	1,019,279	493,679	22,624	$ 55,322		(1,435,012)		(1,435,012)
Other Special Instruction	552,942	232,510		82,719		(702,733)		(702,733)
Other Instruction	44,558	9,424				(53,982)		(53,982)
Support Services:								
Tuition	5,289,756			185,399		(5,104,357)		(5,104,357)
Students & Instruction Related Services	935,796	400,881		87,529		(1,249,148)		(1,249,148)
General & Business Administrative Services	578,033	175,528				(753,561)		(753,561)
School Administrative Services	358,737	157,504				(516,241)		(516,241)
Plant Operations & Maintenance	1,073,178	206,101				(1,279,279)		(1,279,279)
Pupil Transportation	507,837	16,116				(523,953)		(523,953)
Interest on Long-term Debt	541,008					(541,008)		(541,008)
Total Government Activities	14,952,768	3,807,566	67,774	410,969	$ -	(18,281,591)	$ -	(18,281,591)
Business-Type Activities:								
Food Service	295,772		196,706	86,723			(12,343)	(12,343)
Child Care Program	31,382		39,746				8,364	8,364
Total Business-Type Activities	327,154	-	236,452	86,723	-	-	(3,979)	(3,979)
Total Primary Government	$ 15,279,922	$ 3,807,566	$ 304,226	$ 497,692	$ -	(18,281,591)	(3,979)	(18,285,570)

General Revenues & Transfers			
Property Taxes Levied for General Purposes	11,896,112		11,896,112
Property Taxes Levied for Debt Service	812,260		812,260
Federal & State Aid Not Restricted	4,860,063		4,860,063
Investment Earnings	11,827	227	12,054
Miscellaneous Income	49,300		49,300
Total General Revenues & Transfers	17,629,562	227	17,629,789
Change in Net Position	(652,029)	(3,752)	(655,781)
Net Position-Beginning	4,157,889	167,058	4,324,947
Net Position-Ending	$ 3,505,860	$ 163,306	$ 3,669,166

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Fund
ASSETS					
Cash & Cash Equivalents	$ 748,941				$ 748,941
Due from Other Funds	99,969				99,969
Receivables from Other Governments:					
State	131,090				131,090
Federal		$ 161,184			161,184
Other Receivables	4,353				4,353
Restricted Cash & Equivalents	1,110,787				1,110,787
TOTAL ASSETS	$ 2,095,140	$ 161,184	$ -	$ -	$ 2,256,324
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 65,967	$ 31,562			$ 97,529
Due to Other Funds	37,913	99,969			137,882
Due to Other Governments:					
State		1,612			1,612
Unearned Revenue		28,041			28,041
Total Liabilities	103,880	161,184	-	$ -	265,064

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2014
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Fund
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus-Designated for Subsequent Year's Expenditures	$ 201,105				$ 201,105
Committed Fund Balance:					
Capital Reserve Account	849,144				849,144
Emergency Reserve Account	103,143				103,143
Maintenance Reserve Account	158,500				158,500
Tuition Reserve	492,000				492,000
Assigned Fund Balance:					
Year-End Encumbrances	8,747				8,747
Designated for Subsequent Year's Expenditures	186,469				186,469
Unassigned Fund Balance	(7,848)				(7,848)
Total Fund Balances	1,991,260	$ -	$ -	$ -	1,991,260
TOTAL LIABILITIES AND FUND BALANCES	$ 2,095,140	$ 161,184	$ -	$ -	

Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are Different Because:		
Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is	$ 23,685,963	
and the accumulated depreciation is	7,410,814	
		16,275,149
Long-term liabilities, Including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds		(14,502,092)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(258,457)
Total Net Position of Governmental Activities		$ 3,505,860

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Fund
REVENUES					
Local Sources:					
Local Tax Levy	$ 11,896,112			$ 812,260	$ 12,708,372
Tuition Charges-Individuals	45,125				45,125
Tuition Charges-Other LEAs	22,624				22,624
Interest Earned on Capital Reserve Funds	1,757				1,757
Interest Earned on Emergency Reserve Funds	238				238
Interest on Investments	9,832				9,832
Miscellaneous	49,325				49,325
Total	12,025,013	$ -	$ -	812,260	12,837,273
State Sources	4,677,645	4,267		181,705	4,863,617
Federal Sources	713	406,702			407,415
Total Revenues	16,703,371	410,969	-	993,965	18,108,305
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	4,051,644				4,051,644
Special Education Instruction	963,957	55,322			1,019,279
Other Special Instruction	470,223	82,719			552,942
Other Instruction	44,558				44,558
Support Service & Undistributed Costs:					
Tuition	5,104,357	185,399			5,289,756
Student and Instruction Related Services	848,267	87,529			935,796
General and Business Administrative Services	578,033				578,033
School Administrative Services	358,737				358,737
Plant Operations & Maintenance	1,073,178				1,073,178
Pupil Transportation	507,837				507,837
Unallocated Benefits	3,263,088				3,263,088

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Fund
EXPENDITURES (Cont'd)					
Capital Outlay	$ 26,544		$ 2,495		$ 29,039
Debt Service:					
Principal				$ 520,000	520,000
Interest & Other Charges	131			574,307	574,438
Total Expenditures	17,290,554	$ 410,969	2,495	1,094,307	18,798,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	(587,183)	-	(2,495)	(100,342)	(690,020)
Other Financing Sources (Uses):					
Operating Transfer In	168,160				168,160
Operating Transfer Out			(168,160)		(168,160)
Total Other Financing Sources (Uses)	168,160	-	(168,160)	-	-
Net Change in Fund Balance	(419,023)	-	(170,655)	(100,342)	(690,020)
Fund Balances, July 1	2,410,283	-	170,655	100,342	2,681,280
Fund Balances, June 30	$ 1,991,260	$ -	$ -	$ -	$ 1,991,260

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG 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 Changes in Fund Balances-Governmental Fund (from B-2)		$ (690,020)
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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital Outlays	$ 29,039	
Depreciation Expenses	505,237	
		(476,198)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Debt Principal Payments		520,000
Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Premium		23,896
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		9,534
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		(39,241)
Change in Net Position of Governmental Activities		$ (652,029)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Food Services	Child Care Program	Total
Current Assets:			
Cash & Cash Equivalents	$ 29,694	$ 26,288	$ 55,982
Accounts Receivable:			
Intergovernmental-Federal	4,112		4,112
Intergovernmental-State	330		330
Other		620	620
Due from Other Funds	37,913		37,913
Inventories	5,281		5,281
Total Current Assets	77,330	26,908	104,238
Fixed Assets:			
Capital Assets	254,430		254,430
Accumulated Depreciation	177,747		177,747
Total Fixed Assets	76,683	-	76,683
Total Assets	154,013	26,908	180,921
LIABILITIES			
Current Liabilities:			
Accounts Payable	11,647	750	12,397
Unearned Revenue	5,218		5,218
Total Current Liabilities	16,865	750	17,615
NET POSITION			
Net Investment in Capital Assets	76,683		76,683
Unrestricted	60,465	26,158	86,623
TOTAL NET POSITION	$ 137,148	$ 26,158	$ 163,306

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Food Services	Child Care Program	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	$ 108,920		$ 108,920
Daily Sales-Nonreimbursable Programs	87,786		87,786
Child Care Revenues		$ 39,746	39,746
Total Operating Revenues	196,706	39,746	236,452
Operating Expenses:			
Costs of Sales	129,815		129,815
Salaries	89,815	22,445	112,260
Employee Benefits	12,969	6,019	18,988
Repairs & Maintenance	13,471		13,471
Insurance	7,540		7,540
Management Fees	8,467		8,467
Other Purchased Services	4,140	786	4,926
General Supplies	14,689	2,132	16,821
Depreciation	14,866		14,866
Total Operating Expenses	295,772	31,382	327,154
Operating Income (Loss)	(99,066)	8,364	(90,702)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	3,109		3,109
Federal Sources:			
National School Lunch Program:			
Cash Assistance	63,971		63,971
Non-Cash Assistance (Commodities)	19,643		19,643
Interest Earned on Investments	227		227
Total Nonoperating Revenues (Expenses)	86,950	-	86,950
Change in Net Position	(12,116)	8,364	(3,752)
Total Net Position, Beginning	149,264	17,794	167,058
Total Net Position, Ending	$ 137,148	$ 26,158	$ 163,306

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Services	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	$ 200,513	$ 39,126	$ 239,639
Payments to Employees		(21,725)	(21,725)
Payments to Food Services Management Co	(243,193)		(243,193)
Payments to Vendors	(23,699)	(8,937)	(32,636)
Net Cash Provided by (Used For) Operating Activities	(66,379)	8,464	(57,915)
Cash Flows from Noncapital Financing Activities:			
State Sources	3,547		3,547
Federal Sources	72,536		72,536
Interfund Activity	(37,913)		(37,913)
Net Cash Provided by (Used For) Noncapital Financing Activities	38,170	-	38,170
Cash Flows from Investing Activities:			
Interest Earned on Investments	227		227
	227	-	227
Net Increase (Decrease) in Cash and Cash Equivalents	(27,982)	8,464	(19,518)
Cash and Cash Equivalents, July 1, 2013	57,676	17,824	75,500
Cash and Cash Equivalents, June 30, 2014	$ 29,694	$ 26,288	$ 55,982
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	$ (99,066)	$ 8,364	$ (90,702)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	14,866		14,866
Federal Food Donation Program	19,425		19,425
(Increase) Decrease in Accounts Receivable		(620)	(620)
(Increase) Decrease in Inventory	195		195
Increase (Decrease) in Unearned Revenue	3,807		3,807
Increase (Decrease) in Accounts Payable	(5,606)	720	(4,886)
Net Cash Provided by (Used For) Operating Activities	$ (66,379)	$ 8,464	$ (57,915)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	$ 43,225	$ 44,324	$ 243,148
TOTAL ASSETS	43,225	$ 44,324	$ 243,148
LIABILITIES			
Accounts Payable	6,179		
Due to Student Groups		$ 44,324	
Payroll Deductions & Withholdings			$ 243,148
TOTAL LIABILITIES	6,179	$ 44,324	$ 243,148
NET POSITION	$ 37,046		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	$ 12,240
Investment Earnings-Interest	161
Total Additions	12,401
DEDUCTIONS	
Unemployment Claims	25,566
Change in Net Position	(13,165)
Net Position, Beginning of the Year	50,211
Net Position, End of the Year	$ 37,046

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Lopatcong Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local 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 accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-12. The District had an approximate enrollment at June 30, 2014 of 861 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, 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 moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment, which are classified in the Capital Outlay sub fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. 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 fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund and child care program.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if necessary are voted upon at the annual school election in November. 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 NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2014 were insignificant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund Types. Unencumbered appropriations lapse at fiscal year end.

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

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal yearend as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned 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.

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2013-2014 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

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

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10
Vehicle	5

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 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. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

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

L. Unearned revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Balances-Governmental Funds

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

- Non-spendable–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.

- 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.

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

N. Fund Balances-Governmental Funds (cont'd)
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.

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first $1,500 of the delinquency and eighteen percent per annum on any amount in excess of $1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of $10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Deposits at June 30, 2014 appear in the financial statements as summarized below:

	Ref.	
Cash		$ 2,246,407
Unrestricted Cash:		
Governmental Funds, Balance Sheet	B-1	$ 748,941
Enterprise Fund, Statement of Net Position	B-4	55,982
Fiduciary Funds, Statement of Net Position	B-7	330,697
Restricted Cash:		
Governmental Funds, Balance Sheet	B-1	1,110,787
Total Cash		$ 2,246,407

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

Deposits – The District's carrying amount of bank deposits at June 30, 2014 is $2,246,407 and the bank balance is $2,486,693. Of the bank balance, $250,000 is covered by federal depositary insurance and $2,236,693 is insured by GUDPA.

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:

   - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
   - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

   As the district has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.

3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.

4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.

5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2014, the district had no investments.

NOTE 4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	$ 144,255			$ 144,255
Construction in Progress	841,413	$ 2,495	$ 843,908	
Total	985,668	2,495	843,908	144,255
Capital Assets, Being Depreciated:				
Land Improvements	365,042			365,042
Building & Improvements	21,782,523	843,908		22,626,431
Furniture & Equipment	523,691	26,544		550,235
Total	22,671,256	870,452	-0-	23,541,708
Accumulated Depreciation:				
Land Improvements	227,400	17,597		244,997
Building & Improvements	6,298,584	440,315		6,738,899
Furniture & Equipment	379,593	47,325		426,918
Total	6,905,577	505,237	-0-	7,410,814
Total Capital Assets, Being Depreciated, Net	15,765,679	365,215	-0-	16,130,894
Governmental Activities Capital Assets, Net	$ 16,751,347	$ 367,710	$ 843,908	$ 16,275,149
Business-Type Activities:				
Furniture & Equipment	$ 254,430			$ 254,430
Less: Accum Depreciation	162,881	$ 14,866		177,747
Business-Type Activities Capital Assets, Net	$ 91,549	$ (14,866)	$ -0-	$ 76,683

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	$ 264,138
Special Education	66,450
Other Special Instruction	36,048
Co-Curricular Activities	9,424
Support Services:	
Student & Instruction	61,007
General & Business Admin	37,684
School Administration	23,387
Plant & Maintenance	7,099
Total Depreciation Expense, Governmental Activities	$ 505,237

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2014 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	$ 14,310,000		$ 520,000	$ 13,790,000	$ 540,000
Bond Premium	430,124		23,896	406,228	23,896
Compensated Absences Payable	266,623	$ 94,939	55,698	305,864	14,048
Total Governmental Activities Long-Term Liabilities	$ 15,006,747	$ 94,939	$ 599,594	$ 14,502,092	$ 577,944

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2014 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2015	$ 540,000	$ 555,506	$ 1,095,506
2016	565,000	535,806	1,100,806
2017	575,000	513,225	1,088,225
2018	605,000	488,331	1,093,331
2019	635,000	458,844	1,093,844
2020-2024	3,745,000	1,807,319	5,552,319
2025-2029	4,790,000	952,953	5,742,953
2030-2031	2,335,000	101,794	2,436,794
	$ 13,790,000	$ 5,413,778	$ 19,203,778

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds – General obligation school building bonds payable at June 30, 2014, with their outstanding balances are comprised of the following individual issues:

$9,600,000-2011 general obligation school building/refunding bonds, due in annual installments of $130,000 to $905,000, beginning July 15, 2011 through July 15, 2026, interest of 2.00% to 5.00%	$ 5,350,000
$15,895,000-2001 general obligation school building/refunding bonds, due in annual installments of $75,000 to $1,195,000 beginning January 15, 2002 through July 15, 2030 Interest of 4.000% to 5.125%	8,440,000
	$ 13,790,000

The general obligation bonded debt of the District is limited by state law to 4.00% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2014 is $35,757,178. General obligation debt at June 30, 2014 is $13,790,000, resulting in a legal debt margin of $21,967,178.

NOTE 6. PENSION PLANS

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

NOTE 6. PENSION PLANS (Cont'd)

Description of Systems (cont'd)

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

C. Defined Contribution Retirement Program – The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary ($8,000 in 2013) but who earn salary of at least $5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

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

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and $1,547,688,633 and $241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

NOTE 6. PENSION PLANS (Cont'd)

Significant Legislation (Cont'd)

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/14	$ 648,987	100%
06/30/13	814,706	100%
06/30/12	568,091	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/14	$ 101,150	100%
06/30/13	104,107	100%
06/30/12	112,011	100%

NOTE 6. PENSION PLANS (Cont'd)

During the year ended June 30, 2014, the State of New Jersey contributed $403,124 to the TPAF for post-retirement medical benefits and $19,941 for the non-contributory insurance premiums and $225,922 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board $427,060 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 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 Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2013, the State paid $173.8 million toward Ch 126 benefits for 17,356 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer definer benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at (www.nj.gov/treasury/pensions).

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

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

AXA Equitable
Ameriprise Financial
Lincoln Investments

NOTE 9. INVENTORY

Inventory in the Food Service Fund June 30, 2014 consisted of the following:

Food	$ 4,028
Supplies	1,253
Total	$ 5,281

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as on item of nonoperating revenue in the financial statements.

NOTE 10. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

NOTE 11. INTERFUND RECEIVABLE AND PAYABLES

The composition of interfund balances as of June 30, 2014 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	$ 99,969	$ 37,913
Special Revenue Fund		99,969
Food Services Fund	37,913	
	$ 137,882	$ 137,882

NOTE 11. INTERFUND RECEIVABLE AND PAYABLES (Cont'd)

The balances due by the Special Revenue Fund in a total of $99,969 represent required advances due to the delayed receipt of grant revenues. The amounts due to the Food Service Fund by the General Fund represents school lunch aid received but not transferred to the Food Service Fund by year end.

NOTE 12. 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 commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ 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, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

Fiscal Year	Board Contrib	Interest Earnings	Employee Contrib	Amount Reimbursed	Ending Balance
2013-2014	$ -0-	$ 161	$ 12,240	$ 25,566	$ 37,046
2012-2013	-0-	161	11,850	25,469	50,211
2011-2012	-0-	496	11,757	25,200	63,669

NOTE 13. LEGAL RESERVE ACCOUNTS

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 districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to NJAC 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

NOTE 13. LEGAL RESERVE ACCOUNTS (Cont'd)

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts.

The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Return Unused With-drawal	With-drawal	Ending Balance
Capital	$ 679,227	$ 50,000	$ 1,757	$ 168,160	$ 50,000	$ 849,144
Emergency	102,905		238			103,143
Maintenance	167,000			61,500	70,000	158,500
Tuition	800,000	92,000			400,000	492,000
Totals	$ 1,749,132	$ 142,000	$ 1,995	$ 229,660	$ 520,000	$ 1,602,787

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2014 and 2013 is as follows:

	2014	2013
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets		$ 201,105
Excess Surplus-Designated for Subsequent Year's Expend-itures-Represents amount appropriated in the succeeding Year's budget to reduce tax requirements	$ 201,105	215,144
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	849,144	679,227
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	158,500	167,000
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	103,143	102,905
Tuition Reserve-Represents funds accumulated to finance For a foreseeable future tuition adjustment pursuant to NJAC 6A:23A-17.1(f)	492,000	800,000

NOTE 14. FUND BALANCES-BUDGETARY BASIS (Cont'd)

	2014	2013
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	$ 8,747	$ 15,207
Designated Surplus-Designated for Subsequent Year's Expenditures –Represents amount appropriated in the succeeding Year's budget to reduce tax requirements	186,469	39,242
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	325,854	513,552
Total Fund Balance	$ 2,324,962	$ 2,733,382

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is $-0-.

NOTE 16. FUND BALANCE RESERVED FOR TUITION

Pursuant to NJAC 6A:23-3.1 (f), the District has reserved fund balance for tuition applicable to a formal sending/receiving relationship. The following is a summary of the tuition reserve:

Year Ending	Balance 6/30/2014
06/30/2013	$ 400,000
06/30/2014	92,000
	$ 492,000

NOTE 17: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 26, 2014, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 18: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions–an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any effect on the District's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68". This statement, which is effective for fiscal periods beginning after June 30, 2014, is not expected to have an effect on the District's financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

LOPATCONG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	$ 11,896,112		$ 11,896,112	$ 11,896,112	
Tuition Charges-Individual Students				45,125	$ 45,125
Tuition Charges-Other LEAs	45,000		45,000	22,624	(22,376)
Unrestricted Miscellaneous Revenues	19,121		19,121	49,325	30,204
Interest Income				9,832	9,832
Interest on Emergency Reserve Funds				238	238
Interest on Capital Reserve Funds				1,757	1,757
Total	11,960,233	$ -	11,960,233	12,025,013	64,780
State Sources:					
Categorical Transportation Aid	32,937		32,937	32,937	
Extraordinary Aid	200,000		200,000	128,490	(71,510)
Categorical Special Education Aid	695,116		695,116	695,116	
Equalization Aid	2,598,242		2,598,242	2,598,242	
Categorical Security Aid	22,771		22,771	22,771	
School Choice Aid	119,768		119,768	119,768	
Under Adequacy Aid	12,277		12,277	12,277	
Non-Public Transportation Aid				2,600	2,600
On-Behalf TPAF Pension Contributions				245,863	245,863
On-Behalf TPAF Post Retirement Medical Benefits				403,124	403,124
Reimbursed TPAF Social Security Contribution				427,060	427,060
Total	3,681,111	-	3,681,111	4,688,248	1,007,137
Federal Sources:					
Medicaid Reimbursement	8,364		8,364	713	(7,651)
Total	8,364	-	8,364	713	(7,651)
TOTAL REVENUES	$ 15,649,708	$ -	$ 15,649,708	$ 16,713,974	$ 1,064,266
EXPENDITURES					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Preschool	$ 127,330	$ 4,690	$ 132,020	$ 132,020	
Kindergarten	231,741	(42,461)	189,280	189,280	
Grades 1-5	1,684,151	142,682	1,826,833	1,826,833	
Grades 6-8	1,436,651	4,167	1,440,818	1,440,818	
Home Instruction:					
Other Salaries for Instruction		6,122	6,122	6,122	
Purchased Professional-Educational Svc	5,000	(946)	4,054	3,930	$ 124
Other Purchased Services	1,200	(758)	442		442
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	63,992	83,422	147,414	147,414	
Purchased Professional-Educational Svc	2,500	2,800	5,300	3,600	1,700
Purchased Technical Services	16,000	1,055	17,055	17,055	
Other Purchased Services	67,763	67,092	134,855	132,508	2,347
General Supplies	189,391	(80,965)	108,426	101,118	7,308
Textbooks	32,367	16,798	49,165	48,950	215
Other Objects	9,922	(7,926)	1,996	1,996	
Total	3,868,008	195,772	4,063,780	4,051,644	12,136

LOPATCONG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Special Education:					
Behavioral Disabilities:					
Salaries of Teachers	$ 58,570	$ 75,635	$ 134,205	$ 133,404	$ 801
Other Salaries for Instruction	12,500	13,838	26,338	26,338	
General Supplies	3,000	(1,800)	1,200	667	533
Total	74,070	87,673	161,743	160,409	1,334
Multiple Disabilities:					
Salaries of Teachers	131,981	1,867	133,848	133,848	
Other Salaries for Instruction		27,859	27,859	25,885	1,974
General Supplies		1,935	1,935	1,935	
Total	131,981	31,661	163,642	161,668	1,974
Resource Room/Resource Center:					
Salaries of Teachers	552,276	(50,916)	501,360	501,360	
General Supplies	4,500	(2,000)	2,500	1,753	747
Total	556,776	(52,916)	503,860	503,113	747
Preschool Disabilities-Part-Time:					
Salaries of Teachers	70,416	134	70,550	70,550	
Other Salaries for Instruction	39,604	31,342	70,946	66,519	4,427
General Supplies		2,925	2,925	1,698	1,227
Total	110,020	34,401	144,421	138,767	5,654
Total Special Education	872,847	100,819	973,666	963,957	9,709
Basic Skills/Remedial:					
Salaries of Teachers	523,000	(85,682)	437,318	435,535	1,783
Other Salaries for Instruction		34,236	34,236	33,774	462
General Supplies	20,588	(19,674)	914	914	
Total	543,588	(71,120)	472,468	470,223	2,245
School Sponsored Co Curricular Activities:					
Salaries	35,000	9,558	44,558	44,558	
Total	35,000	9,558	44,558	44,558	-
Total Instruction Regular	$ 5,319,443	$ 235,029	$ 5,554,472	$ 5,530,382	$ 24,090

LOPATCONG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Within State-Regular	$ 4,410,628	$ 157,537	$ 4,568,165	$ 4,568,165	
Other LEAs Within State-Special	152,082	(61,950)	90,132	90,132	
County Vocational School Dist-Regular	67,871	(23,382)	44,489	44,489	
County Vocational School Dist-Special	35,000	(11,025)	23,975	23,975	
CSSD & Regular Day Schools		76,428	76,428	76,428	
Private School for the Disabled W/I State	514,342	(224,148)	290,194	287,668	$ 2,526
State Facilities		13,500	13,500	13,500	
Total	5,179,923	(73,040)	5,106,883	5,104,357	2,526
Attendance & Social Work:					
Salaries	20,399	3,365	23,764	23,764	
Total	20,399	3,365	23,764	23,764	-
Health Services:					
Salaries	138,264	(1,334)	136,930	136,930	
Purchased Professional & Technical Services	1,500	(1,500)			
Supplies & Materials	3,400	(2,168)	1,232	609	623
Other Objects	250		250	177	73
Total	143,414	(5,002)	138,412	137,716	696
Speech, OT, PT, & Related Services:					
Salaries	117,205	766	117,971	117,971	
Purchased Professional-Educational Services	30,000	11,522	41,522	30,034	11,488
Supplies & Materials	625	-	625	484	141
Total	147,830	12,288	160,118	148,489	11,629
Other Support Serv Students-Extra Services:					
Salaries	38,099	(38,099)			
Total	38,099	(38,099)	-	-	-
Guidance:					
Salaries of Other Professional Staff	153,317	861	154,178	154,178	
Other Purchased Prof & Tech Services	12,509	850	13,359	12,662	697
Supplies and Materials		1,046	1,046	121	925
Total	165,826	2,757	168,583	166,961	1,622
Child Study Teams:					
Salaries of Other Professional Staff	244,958	(1,410)	243,548	243,548	
Salaries of Secretarial & Clerical Assistants		15,102	15,102	13,977	1,125
Purchased Professional-Educational Services	6,500	48,277	54,777	42,259	12,518
Other Purchased Prof & Tech Services	4,000	1,035	5,035	4,015	1,020
Miscellaneous Purchased Services	120	442	562	562	
Supplies & Materials	2,883	(1,133)	1,750	1,750	
Other Objects	200	(53)	147	140	7
Total	258,661	62,260	320,921	306,251	14,670

LOPATCONG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Improvement of Instructional Services:					
Salaries of Other Professional Staff	$ 6,600	$ (2,157)	$ 4,443		$ 4,443
Other Salaries	5,500	14,281	19,781		19,781
Total	12,100	12,124	24,224	$ -	24,224
Educational Media Services-School Library:					
Salaries	76,962	(25,445)	51,517	51,517	
Purchased Professional and Technical Services		350	350	350	
Supplies & Materials	8,500	(5,942)	2,558	1,014	1,544
Total	85,462	(31,037)	54,425	52,881	1,544
Instructional Staff Training Services:					
Other Salaries	2,000		2,000	730	1,270
Other Purchased Services	11,000	1,583	12,583	11,135	1,448
Supplies & Materials	1,500		1,500	340	1,160
Total	14,500	1,583	16,083	12,205	3,878
Support Services General Administration:					
Salaries	108,365	34,316	142,681	135,012	7,669
Legal Services	45,000	14,338	59,338	59,338	
Audit Fees	19,500	(600)	18,900	18,900	
Architectural/Engineering Services	5,000	4,929	9,929	7,779	2,150
Other Purchased Professional Services	68,000	(21,791)	46,209	34,600	11,609
Communications/Telephone	27,500	(12,050)	15,450	15,450	
BOE Other Pruchased Services	2,500		2,500	375	2,125
Miscellaneous Purchased Services	28,777	3,821	32,598	32,580	18
General Supplies	2,800	(1,100)	1,700	735	965
BOE In-House Training/Meeting Supplies	200		200		200
Miscellaneous Expenditures	1,500	(750)	750		750
Board of Education Membership Due & Fees	10,000		10,000	8,963	1,037
Total	319,142	21,113	340,255	313,732	26,523
Support Services School Administration:					
Salaries of Principals & Assistant Principals	235,290	(367)	234,923	234,923	
Salaries of Secretarial & Clerical Assistants	115,292	(163)	115,129	110,059	5,070
Other Purchased Services	325	300	625	97	528
Supplies & Materials	21,500	(13,916)	7,584	3,774	3,810
Other Objects	6,000	3,884	9,884	9,884	
Totals	378,407	(10,262)	368,145	358,737	9,408

LOPATCONG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Central Services:					
Salaries	$ 142,120	$ (40,155)	$ 101,965	$ 100,012	$ 1,953
Purchased Professional Services	10,700	47,000	57,700	57,204	496
Purchased Technical Services	9,195	(300)	8,895	8,535	360
Miscellaneous Purchased Services	500		500		500
Supplies & Materials	2,500	(2,450)	50	26	24
Miscellaneous Expenditures	1,500	(1,110)	390	390	
Total	166,515	2,985	169,500	166,167	3,333
Administration Information Technology:					
Salaries	69,900	(357)	69,543	67,279	2,264
Purchased Professional Services	9,000	1,500	10,500	10,128	372
Other Purchased Services	9,495	1,032	10,527	10,527	
Supplies & Materials	3,000	8,911	11,911	9,010	2,901
Other Objects	1,100	160	1,260	1,190	70
Total	92,495	11,246	103,741	98,134	5,607
Required Maintenance for School Facilities:					
Salaries	238,000	316	238,316	227,266	11,050
Cleaning, Repair & Maintenance Services	69,684	41,011	110,695	67,638	43,057
General Supplies	25,000	(17,657)	7,343	7,083	260
Total	332,684	23,670	356,354	301,987	54,367
Custodial Services:					
Salaries	400,776	(30,263)	370,513	370,513	
Purchased Professional & Technical Services	1,800	575	2,375	2,375	
Cleaning, Repair, & Maintenance Services	17,288	(6,216)	11,072	10,595	477
Other Purchased Property Services	30,050	(686)	29,364	28,048	1,316
Insurance	23,406	2,298	25,704	25,704	
Miscellaneous Purchased Services	500		500	410	90
General Supplies	65,427	(4,355)	61,072	61,072	
Energy (Natural Gas)		71,129	71,129	71,129	
Energy (Electricity)	259,800	(58,455)	201,345	201,345	
Energy (Gasoline)	3,000		3,000		3,000
Total	802,047	(25,973)	776,074	771,191	4,883
Student Transportation Services:					
Salaries for Pupil Trans (Bet Home & Sch)-Reg	21,881	(33)	21,848	21,848	
Other Purchased Prof & Tech Svcs	3,000		3,000	3,000	
Contract Service (Bet Home & Sch)-Vendor	242,550		242,550	233,251	9,299
Contract Service (Oth than Bet Home & Sch)-Vendor	10,800	5,000	15,800	14,635	1,165
Contract Service (Bet Home & Sch)-Joint Agrmnts	5,000		5,000	738	4,262
Contract Service (Sp Ed Students)-Vendors	315,000	(16,544)	298,456	220,221	78,235
Aid in Lieu Pymts–Non-Public Schools	19,450		19,450	14,144	5,306
Total	617,681	(11,577)	606,104	507,837	98,267
Unallocated Benefits-Employee Benefits:					
Social Security Contribution	115,000	5,879	120,879	120,879	
Other Retirement Contribution-PERS	110,000	(9,879)	100,121	93,615	6,506
Other Retirement Contributions-Regular		4,707	4,707	3,940	767
Workmen's Compensation	52,500	(408)	52,092	50,485	1,607
Health Benefits	1,837,813	68,687	1,906,500	1,826,747	79,753
Tuition Reimbursement	50,000		50,000	40,800	9,200
Other Employee Benefits	50,000	575	50,575	50,575	
Total	2,215,313	69,561	2,284,874	2,187,041	97,833

LOPATCONG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
On-Behalf TPAF Pension Contributions				$ 245,863	$ (245,863)
On-Behalf TPAF Post Retirement Medical Benefits				403,124	(403,124)
Reimbursed TPAF Social Security Contribution				427,060	(427,060)
Total	$ -	$ -	$ -	1,076,047	(1,076,047)
Total Undistributed Expenditures	$ 10,990,498	$ 27,962	$ 11,018,460	$ 11,733,497	$ (715,037)
TOTAL CURRENT	$ 16,309,941	$ 262,991	$ 16,572,932	$ 17,263,879	$ (690,947)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-Instruction	$ 3,360	$ (3,180)	$ 180		$ 180
Undistributed Expenditures-Admin. Info Tech	5,869	(5,869)			
Undist. Expend.-Care & Upkeep of Grounds		26,544	26,544	$ 26,544	
Total	9,229	17,495	26,724	26,544	180
Facilities Acquision & Construction Services:					
Construction Services	35,000		35,000		35,000
Supplies and Materials	15,000		15,000		15,000
Assessment for Debt Service on SDA Funding	131		131	131	
Total	50,131	-	50,131	131	50,000
TOTAL CAPITAL OUTLAY	$ 59,360	$ 17,495	$ 76,855	$ 26,675	$ 50,180
TOTAL EXPENDITURES	$ 16,369,301	$ 280,486	$ 16,649,787	$ 17,290,554	$ (640,767)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (719,593)	$ (280,486)	$ (1,000,079)	$ (576,580)	$ 423,499
Other Financing Sources (Uses):					
Operating Transfer In-Capital Projects Fund	-	-	-	168,160	168,160
Excess (Deficiency) of Revenues and Other. Financing Sources Over (Under)Expenditures and Other Financing Uses	(719,593)	(280,486)	(1,000,079)	(408,420)	591,659
Fund Balances, July 1	2,733,382	-	2,733,382	2,733,382	-
Fund Balances, June 30	$ 2,013,789	$ (280,486)	$ 1,733,303	$ 2,324,962	$ 591,659
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	$ (15,207)		$ (15,207)	$ (15,207)	
Increase in Capital Reserve		$ 50,000	50,000	219,917	$ 169,917
Increase in Emergency Reserve				238	238
Increase in Tuition Reserve		92,000	92,000	92,000	
Withdrawal from Capital Reserve	(50,000)		(50,000)	(50,000)	
Withdrawal from Tuition Reserve	(400,000)		(400,000)	(400,000)	
Withdrawal from Maintenance Reserve		(70,000)	(70,000)	(8,500)	61,500
Budgeted Fund Balance	(254,386)	(352,486)	(606,872)	(246,868)	360,004
TOTAL	$ (719,593)	$ (280,486)	$ (1,000,079)	$ (408,420)	$ 591,659

LOPATCONG TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

		Actual
RECAPITULATION OF FUND BALANCE		
Restricted Fund Balance:		
Excess Surplus:		
Prior Year-Designated for 2014-2015 Budget		$ 201,105
Committed Fund Balance:		
Capital Reserve	$ 849,144	
Maintenance Reserve	158,500	
Emergency Reserve	103,143	
Tuition Reserve:		
Year 2012-2013	400,000	
Year 2013-2014	92,000	
		1,602,787
Assigned Fund Balance:		
Year-End Encumbrances	8,747	
Designated for Subsequent Year's Expenditures	186,469	
		195,216
Unassigned Fund Balance		325,854
		2,324,962
Reconciliation to Governmental Statements (GAAP):		
Last State Aid Payments not Recognized on GAAP Basis		(333,702)
Fund Balance Per Governmental Funds (GAAP)		$ 1,991,260

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
State Sources	$ 5,879	$ (1,612)	$ 4,267	$ 4,267	
Federal Sources	309,647	123,198	432,845	406,304	$ (26,541)
TOTAL REVENUES	$ 315,526	$ 121,586	$ 437,112	$ 410,571	$ (26,541)
EXPENDITURES					
Instruction:					
Salaries of Teachers	$ 31,000	$ 47,508	$ 78,508	$ 78,508	
Other Salaries for Instruction		13,027	13,027	13,027	
Other Purchased Services	5,000		5,000		$ 5,000
General Supplies	27,250	22,710	49,960	46,506	3,454
Textbooks	1,536	(1,536)			
Totals	64,786	81,709	146,495	138,041	8,454
Support Services:					
Salaries of Other Professional Staff		2,430	2,430		2,430
Salaries of Secretarial and Clerical Assist		1,600	1,600	1,600	
Purchased Professional Education Services	71,771		71,771	68,009	3,762
Other Purchased Professional Services	3,783		3,783	3,783	
Tuition	146,434	38,965	185,399	185,399	
Other Purchased Services	19,192		19,192	7,297	11,895
General Supplies	9,560	(3,118)	6,442	6,442	
Total	250,740	39,877	290,617	272,530	18,087
TOTAL EXPENDITURES	$ 315,526	$ 121,586	$ 437,112	$ 410,571	$ 26,541

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

LOPATCONG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	$ 16,713,974	$ 410,571
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		1,898
Outstanding Encumbrances Current Year		(1,500)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	323,099	
State Aid Receivable Current Year	(333,702)	
Total Revenues (GAAP Basis)	$ 16,703,371	$ 410,969
Uses/Outflows of Resources		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$ 17,290,554	$ 410,571
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Prior Year		1,898
Outstanding Encumbrances Current Year		(1,500)
Total Expenditures (GAAP Basis)	$ 17,290,554	$ 410,969

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	IDEA Basic	IDEA Pre School	NCLB Title I	NCLB Title IIA	Non Public Technology	Non Public Nursing	Total
REVENUES							
State Sources					$ 484	$ 3,783	$ 4,267
Federal Sources	$ 304,640	$ 5,690	$ 94,474	$ 1,500			406,304
TOTAL REVENUES	$ 304,640	$ 5,690	$ 94,474	$ 1,500	$ 484	$ 3,783	$ 410,571
EXPENDITURES							
Instruction:							
Salaries of Teachers	$ 39,499		$ 39,009				$ 78,508
Other Salaries for Instruction	13,027						13,027
General Supplies	546	$ 2,250	43,710				46,506
Total	53,072	2,250	82,719	$ -	$ -	$ -	138,041
Support Services:							
Salaries of Secretarial and Clerical Assist	1,600						1,600
Purchased Professional Education Services	64,569	3,440					68,009
Other Purchased Professional Services						3,783	3,783
Tuition	185,399						185,399
Other Purchased Services			5,797	1,500			7,297
General Supplies			5,958		484		6,442
Total	251,568	3,440	11,755	1,500	484	3,783	272,530
TOTAL EXPENDITURES	$ 304,640	$ 5,690	$ 94,474	$ 1,500	$ 484	$ 3,783	$ 410,571

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Expenditures and Other Financing Uses:	
Professional Technical Services	$ 2,495
Operating Transfer Out-General Fund	168,160
Total Expenditures	170,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	(170,655)
Fund Balance-Beginning	170,655
Fund Balance-Ending	$ -

LOPATCONG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ELEMENTARY SCHOOL UPGRADES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-SCC Grant	$ 357,730		$ 357,730	$ 357,730
Local Sources:				
Operating Transfer In	654,338		654,338	654,338
Total Revenues	1,012,068	$ -	1,012,068	1,012,068
Expenditures and Other Financing Uses:				
Legal Fees	4,585		4,585	4,585
Architect Fees	52,725		52,725	52,725
Professional Technical Services		2,495	2,495	2,495
Constructions Services	784,103		784,103	784,103
Transfer to General Fund		168,160	168,160	168,160
Total Expenditures	841,413	170,655	1,012,068	1,012,068
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 170,655	$ (170,655)	$ -	$ -

Additional Project Information:	
Project Number	SDA2790-050-09-00BM
Grant Date	8/20/10
Bond Authorized Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	$ 1,090,563
Additional Authorized Cost	$ (78,495)
Revised Authorized Cost	$ 1,012,068
Percentage Completion	100.00%

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.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET POSITION
ENTERPRISE FUND
JUNE 30, 2014

	Food Service Fund	Child Care Program	Total
Current Assets:			
Cash & Cash Equivalents	$ 29,694	$ 26,288	$ 55,982
Accounts Receivable:			
Intergovernmental-Federal	4,112		4,112
Intergovernmental-State	330		330
Other		620	620
Due from Other Funds	37,913		37,913
Inventories	5,281		5,281
Total Current Assets	77,330	26,908	104,238
Fixed Assets:			
Capital Assets	254,430		254,430
Accumulated Depreciation	177,747		177,747
Total Fixed Assets	76,683	-	76,683
Total Assets	154,013	26,908	180,921
LIABILITIES			
Current Liabilities:			
Accounts Payable	11,647	750	12,397
Unearned Revenue	5,218		5,218
Total Current Liabilities	16,865	750	17,615
NET POSITION			
Net Investment in Capital Assets	76,683		76,683
Unrestricted	60,465	26,158	86,623
TOTAL NET POSITION	$ 137,148	$ 26,158	$ 163,306

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

	Food Services	Child Care Program	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	$ 108,920		$ 108,920
Daily Sales-Nonreimbursable Programs	87,786		87,786
Child Care Revenues		$ 39,746	39,746
Total Operating Revenues	196,706	39,746	236,452
Operating Expenses:			
Costs of Sales	129,815		129,815
Salaries	89,815	22,445	112,260
Employee Benefits	12,969	6,019	18,988
Repairs & Maintenance	13,471		13,471
Insurance	7,540		7,540
Management Fees	8,467		8,467
Other Purchased Services	4,140	786	4,926
General Supplies	14,689	2,132	16,821
Depreciation	14,866		14,866
Total Operating Expenses	295,772	31,382	327,154
Operating Income (Loss)	(99,066)	8,364	(90,702)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	3,109		3,109
Federal Sources:			
National School Lunch Program:			
Cash Assistance	63,971		63,971
Non-Cash Assistance (Commodities)	19,643		19,643
Interest Earned on Investments	227		227
Total Nonoperating Revenues (Expenses)	86,950	-	86,950
Change in Net Position	(12,116)	8,364	(3,752)
Total Net Position, Beginning	149,264	17,794	167,058
Total Net Position, Ending	$ 137,148	$ 26,158	$ 163,306

LOPATCONG TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Services	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	$ 200,513	$ 39,126	$ 239,639
Payments to Employees		(21,725)	(21,725)
Payments to Food Services Management Co	(243,193)		(243,193)
Payments to Vendors	(23,699)	(8,937)	(32,636)
Net Cash Provided by (Used For) Operating Activities	(66,379)	8,464	(57,915)
Cash Flows from Noncapital Financing Activities:			
State Sources	3,547		3,547
Federal Sources	72,536		72,536
Interfund Activity	(37,913)		(37,913)
Net Cash Provided by (Used For) Noncapital Financing Activities	38,170	-	38,170
Cash Flows from Investing Activities:			
Interest Earned on Investments	227		227
	227	-	227
Net Increase (Decrease) in Cash and Cash Equivalents	(27,982)	8,464	(19,518)
Cash and Cash Equivalents, July 1, 2013	57,676	17,824	75,500
Cash and Cash Equivalents, June 30, 2014	$ 29,694	$ 26,288	$ 55,982
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	$ (99,066)	$ 8,364	$ (90,702)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	14,866		14,866
Federal Food Donation Program	19,425		19,425
(Increase) Decrease in Accounts Receivable		(620)	(620)
(Increase) Decrease in Inventory	195		195
Increase (Decrease) in Unearned Revenue	3,807		3,807
Increase (Decrease) in Accounts Payable	(5,606)	720	(4,886)
Net Cash Provided by (Used For) Operating Activities	$ (66,379)	$ 8,464	$ (57,915)

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

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

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
ASSETS				
Cash & Cash Equivalents	$ 43,225	$ 44,324	$ 243,148	$ 330,697
TOTAL ASSETS	43,225	44,324	243,148	330,697
LIABILITIES				
Accounts Payable	6,179			6,179
Due to Student Groups		44,324		44,324
Payroll Deductions & Withholdings			243,148	243,148
TOTAL LIABILITIES	6,179	44,324	243,148	293,651
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	$ 37,046	$ -	$ -	$ 37,046

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

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	$ 12,240
Investment Earnings-Interest	161
Total Additions	12,401
DEDUCTIONS	
Unemployment Claims	25,566
Change in Net Position	(13,165)
Net Position, Beginning of the Year	50,211
Net Position, End of the Year	$ 37,046

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LOPATCONG TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
ASSETS				
Cash & Cash Equivalents	$ 39,694	$ 77,034	$ 72,404	$ 44,324
TOTAL ASSETS	$ 39,694	$ 77,034	$ 72,404	$ 44,324
LIABILITIES				
Due to Student Groups	$ 39,694	$ 77,034	$ 72,404	$ 44,324
TOTAL LIABILITIES	$ 39,694	$ 77,034	$ 72,404	$ 44,324

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LOPATCONG TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
ASSETS				
Cash & Cash Equivalents	$ 90,618	$ 8,077,092	$ 7,924,562	$ 243,148
TOTAL ASSETS	$ 90,618	$ 8,077,092	$ 7,924,562	$ 243,148
LIABILITIES				
Due to Other Funds	$ 11,107		$ 11,107	
Payroll Deductions & Withholdings	78,738	$ 3,644,582	3,484,082	$ 239,238
Net Payroll	773	4,432,510	4,429,373	3,910
TOTAL LIABILITIES	$ 90,618	$ 8,077,092	$ 7,924,562	$ 243,148

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

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

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance 7/1/2013	Issued	Retired	Balance 6/30/2014
Construction of Middle School and Refunding of 2000 School Bonds	09/01/01	$ 15,895,000	07/15/22	$ 845,000	4.750%	$ 5,350,000			$ 5,350,000
			07/15/27	1,065,000	5.000%				
			07/15/28	1,105,000	5.000%				
			07/15/29	1,145,000	5.000%				
			07/15/30	1,190,000	5.000%				
Refunding School Bonds of 2011	05/11/11	9,600,000	0715/14	540,000	4.000%	8,960,000		$ 520,000	8,440,000
			07/15/15	565,000	4.000%				
			07/15/16	575,000	4.000%				
			07/15/17	605,000	4.500%				
			07/15/18	635,000	5.000%				
			07/15/19	665,000	5.000%				
			07/15/20	695,000	5.000%				
			07/15/21	735,000	5.000%				
			07/15/23	805,000	4.000%				
			07/15/24	840,000	4.000%				
			07/15/25	875,000	4.000%				
			07/15/26	905,000	4.000%				
						$ 14,310,000	$ -	$ 520,000	$ 13,790,000

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	$ 812,260		$ 812,260	$ 812,260	
State Sources:					
Debt Service Aid Type II	181,705		181,705	181,705	
Total Revenues	993,965	$ -	993,965	993,965	$ -
EXPENDITURES					
Regular Debt Service:					
Interest	574,307		574,307	574,307	
Redemption of Principal	520,000		520,000	520,000	
Total Expenditures	1,094,307	-	1,094,307	1,094,307	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,342)	-	(100,342)	(100,342)	-
Fund Balance, July 1	100,342	-	100,342	100,342	-
Fund Balance, June 30	$ -	$ -	$ -	$ -	$ -
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures:					
Budgeted Fund Balance	$ (100,342)	$ -	$ (100,342)	$ (100,342)	$ -

STATISTICAL SECTION

LOPATCONG TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

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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-5

REVENUE CAPACITY

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DEBT CAPACITY

These Schedules Contain Trend 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

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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.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	$ 1,804,624	$ 1,466,817	$ 1,504,383	$ 1,737,793	$ 1,681,236	$ 1,218,768	$ 1,561,585	$ 2,502,670	$ 2,441,347	$ 2,485,149
Restricted	561,081	480,929	329,391	521,144	888,708	1,532,914	2,409,934	1,872,117	2,020,129	1,602,787
Unrestricted	(197,257)	(133,814)	177,038	(361,540)	(490,819)	(605,275)	(232,627)	(320,185)	(303,587)	(582,076)
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	$ 2,168,448	$ 1,813,932	$ 2,010,812	$ 1,897,397	$ 2,079,125	$ 2,146,407	$ 3,738,892	$ 4,054,602	$ 4,157,889	$ 3,505,860
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	$ 148,093	$ 134,946	$ 121,799	$ 108,653	$ 95,505	$ 116,175	$ 109,440	$ 102,705	$ 91,549	$ 76,683
Unrestricted	42,068	49,474	58,354	72,046	84,106	72,293	93,735	71,843	75,509	86,623
TOTAL BUSINESS-TYPE ACTIVITIES	$ 190,161	$ 184,420	$ 180,153	$ 180,699	$ 179,611	$ 188,468	$ 203,175	$ 174,548	$ 167,058	$ 163,306
DISTRICT-WIDE										
Net Investment in Capital Assets	$ 1,952,717	$ 1,601,763	$ 1,626,182	$ 1,846,446	$ 1,776,741	$ 1,334,943	$ 1,671,025	$ 2,605,375	$ 2,532,896	$ 2,561,832
Restricted	561,081	480,929	329,391	521,144	888,708	1,532,914	2,409,934	1,872,117	2,020,129	1,602,787
Unrestricted	(155,189)	(84,340)	235,392	(289,494)	(406,713)	(532,982)	(138,892)	(248,342)	(228,078)	(495,453)
TOTAL DISTRICT-WIDE	$ 2,358,609	$ 1,998,352	$ 2,190,965	$ 2,078,096	$ 2,258,736	$ 2,334,875	$ 3,942,067	$ 4,229,150	$ 4,324,947	$ 3,669,166

LOPATCONG TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	$ 4,331,499	$ 4,812,525	$ 5,381,683	$ 5,694,750	$ 5,868,171	$ 5,438,877	$ 5,283,440	$ 5,747,351	$ 5,940,174	$ 6,167,467
Special Education	964,235	896,294	1,003,151	994,923	1,065,729	1,405,873	1,349,239	1,387,983	1,576,311	1,512,958
Other Special Instruction	215,212	384,678	555,106	853,136	779,496	1,157,361	1,002,992	853,052	903,533	839,434
Support Services:										
Tuition	3,653,166	3,603,940	3,461,884	3,320,628	3,131,326	2,660,298	2,793,682	3,499,860	4,438,501	5,289,756
Student & Instruction Related Services	764,510	1,063,572	1,282,849	1,424,781	1,480,577	1,370,998	1,381,180	1,533,950	1,553,014	1,336,677
General and School Administrative Services	971,833	1,093,163	1,243,489	1,450,531	1,234,099	1,378,989	1,339,569	1,597,488	1,219,793	1,269,802
Plant Operations & Maintenance	1,176,347	1,301,332	1,526,965	1,542,533	1,427,388	1,364,199	1,315,993	1,189,193	1,158,008	1,279,279
Pupil Transportation	433,262	453,071	438,928	393,288	511,519	461,882	452,095	456,489	503,132	523,953
Special Schools					7,999					
Interest on Long-Term Debt	864,066	853,238	838,494	819,817	799,893	776,314	586,814	543,967	528,989	541,008
Unallocated Depreciation	58,593	58,593	48,036	48,036	48,036					
Total Governmental Activities Expenses	13,432,723	14,520,406	15,780,585	16,542,423	16,354,233	16,014,791	15,505,004	16,809,333	17,821,455	18,760,334
Business-Type Activities:										
Food Services	201,506	217,520	229,551	235,040	235,967	246,507	267,644	304,248	308,637	295,772
Child Care Program									30,487	31,382
Total Business-Type Activities	201,506	217,520	229,551	235,040	235,967	246,507	267,644	304,248	339,124	327,154
TOTAL DISTRICT EXPENSES	$ 13,634,229	$ 14,737,926	$ 16,010,136	$ 16,777,463	$ 16,590,200	$ 16,261,298	$ 15,772,648	$ 17,113,581	$ 18,160,579	$ 19,087,488

LOPATCONG TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Regular Instruction			$ 10,350	$ 8,100	$ 10,050	$ 11,850	$ 90,302	$ 118,940	$ 99,963	$ 67,774
Operating Grants & Contributions					269,594	452,606	371,193	234,966	317,543	410,969
Capital Grants & Contributions	$ 9,838					24,717	436,225			
Total Governmental Activities Program Revenues	9,838	$ -	10,350	8,100	279,644	489,173	897,720	353,906	417,506	478,743
Business-Type Activities:										
Charges for Services:										
Food Service	158,493	170,284	176,117	180,735	181,908	179,085	208,755	203,959	204,566	196,706
Child Care Program									48,281	39,746
Operating Grants & Contributions	33,351	39,356	46,300	52,434	51,704	67,013	73,358	71,063	78,542	86,723
Total Business-Type Activities Program Revenues	191,844	209,640	222,417	233,169	233,612	246,098	282,113	275,022	331,389	323,175
TOTAL DISTRICT-PROGRAM REVENUES	$ 201,682	$ 209,640	$ 232,767	$ 241,269	$ 513,256	$ 735,271	$ 1,179,833	$ 628,928	$ 748,895	$ 801,918
NET (EXPENSE) REVENUES										
Governmental Activities	$ (13,422,885)	$ (14,520,406)	$ (15,770,235)	$ (16,534,323)	$ (16,074,589)	$ (15,525,618)	$ (14,607,284)	$ (16,455,427)	$ (17,403,949)	$ (18,281,591)
Business-Type Activities	(9,662)	(7,880)	(7,134)	(1,871)	(2,355)	(409)	14,469	(29,226)	(7,735)	(3,979)
TOTAL DISTRICT-WIDE NET EXPENSES	$ (13,432,547)	$ (14,528,286)	$ (15,777,369)	$ (16,536,194)	$ (16,076,944)	$ (15,526,027)	$ (14,592,815)	$ (16,484,653)	$ (17,411,684)	$ (18,285,570)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes	$ 8,995,257	$ 9,502,046	$ 10,693,264	$ 11,009,595	$ 11,018,756	$ 10,775,728	$ 11,105,502	$ 11,327,612	$ 11,622,452	$ 11,896,112
Taxes Levied for Debt Service	790,040	830,007	808,051	792,570	900,885	953,625	991,213	915,832	894,692	812,260
Unrestricted Grants & Contributions	3,599,615	3,775,033	4,309,599	4,551,154	4,307,798	4,542,227	4,076,644	4,467,073	5,023,938	4,860,063
Investment Earnings	13,827	56,216	130,047	66,099	26,881	15,458	8,045	21,200	10,518	11,827
State Capital Projects Grant Deobligated									(78,495)	
Miscellaneous Income	910	2,588	11,755	1,490	1,997	8,534	18,365	39,420	34,131	49,300
Total Governmental Activities	13,399,649	14,165,890	15,952,716	16,420,908	16,256,317	16,295,572	16,199,769	16,771,137	17,507,236	17,629,562

LOPATCONG TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Miscellaneous Income	$ 812	$ 2,139	$ 2,867	$ 2,417	$ 1,267	$ 491	$ 238	$ 599	$ 245	$ 227
Total Business-Type Activities	812	2,139	2,867	2,417	1,267	491	238	599	245	227
TOTAL DISTRICT-WIDE	$ 13,400,461	$ 14,168,029	$ 15,955,583	$ 16,423,325	$ 16,257,584	$ 16,296,063	$ 16,200,007	$ 16,771,736	$ 17,507,481	$ 17,629,789
CHANGE IN NET POSITION										
Governmental Activities	$ (23,236)	$ (354,516)	$ 182,481	$ (113,415)	$ 181,728	$ 769,954	$ 1,592,485	$ 315,710	$ 103,287	$ (652,029)
Business-Type Activities	(8,850)	(5,741)	(4,267)	546	(1,088)	82	14,707	(28,627)	(7,490)	(3,752)
TOTAL DISTRICT	$ (32,086)	$ (360,257)	$ 178,214	$ (112,869)	$ 180,640	$ 770,036	$ 1,607,192	$ 287,083	$ 95,797	$ (655,781)

LOPATCONG TOWNSHIP SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Restricted	$ 83,322	$ 11,411	$ 100,217	$ 125,145	$ 29,897		$ 197,824	$ 412,968	$ 416,249	$ 201,105
Committed	72,654	76,046	41,846	323,264	753,306	$ 1,532,914	1,356,298	1,505,141	1,749,132	1,602,787
Assigned	438,781	561,266	740,294	136,583	199,435	72,488	69,453	218,245	54,449	195,216
Unassigned	109,151	118,580	140,863	200,093	24,828	(44,895)	90,714	49,839	190,453	(7,848)
Total General Fund	$ 703,908	$ 767,303	$ 1,023,220	$ 785,085	$ 1,007,466	$ 1,560,507	$ 1,714,289	$ 2,186,193	$ 2,410,283	$ 1,991,260
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	$ 96,097	$ 93,630	$ 117,434	$ 693			$ 1,053,636	$ 266,634	$ 170,655	
Assigned, Reported In:										
Capital Projects Fund	76,840	76,840								
Debt Service Fund	1				$ 694	$ 694		100,342	100,342	
Total All Other Governmental Funds	$ 172,938	$ 170,470	$ 117,434	$ 693	$ 694	$ 694	$ 1,053,636	$ 366,976	$ 270,997	$ -

LOPATCONG TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Tax Levy	$ 9,785,297	$ 10,332,053	$ 11,501,315	$ 11,802,165	$ 11,919,641	$ 11,729,353	$ 12,096,715	$ 12,243,444	$ 12,517,144	$ 12,708,372
Tuition Charges			10,350	8,100	10,050	11,850	89,152	118,940	99,963	67,749
Interest Earnings	131	3,391	3,054	1,418	5,042	15,458	8,045	21,200	10,518	11,827
Miscellaneous	14,606	55,413	138,748	66,171	23,836	8,534	19,515	32,462	34,131	49,325
State Sources	3,406,217	3,539,705	4,086,927	4,240,745	4,318,157	4,063,092	4,508,409	4,384,459	4,987,430	4,863,617
Federal Sources	203,236	235,328	222,672	310,409	259,235	956,458	375,653	324,538	354,051	407,415
Total Revenues	13,409,487	14,165,890	15,963,066	16,429,008	16,535,961	16,784,745	17,097,489	17,125,043	18,003,237	18,108,305
Expenditures:										
Instruction:										
Regular Instruction	2,832,990	3,138,431	3,570,092	3,811,113	4,070,207	3,796,344	3,726,675	3,923,841	3,780,409	4,051,644
Special Education Instruction	748,043	682,720	746,055	744,093	817,713	821,806	849,031	847,167	920,176	963,957
Other Special Instruction	166,959	293,015	412,839	638,052	598,092	756,101	663,773	575,771	572,807	514,781
Support Services:										
Tuition	3,653,166	3,603,940	3,461,884	3,320,628	3,131,326	2,591,191	2,762,789	3,499,860	4,438,501	5,104,357
Student & Instruction Related Services	593,098	810,138	954,070	1,065,580	1,136,018	871,757	869,153	963,842	911,075	848,267
General and School Administrative Services	753,937	832,678	924,797	1,084,838	946,901	1,038,755	1,001,129	952,886	919,637	936,770
Plant Operations & Maintenance	912,597	991,243	1,135,622	1,153,645	1,095,207	1,140,099	1,070,140	988,146	922,057	1,073,178
Pupil Transportation	433,262	453,071	438,928	393,288	511,519	461,882	452,095	448,218	494,195	507,837
Employee Benefits	1,958,601	2,121,831	2,767,040	3,014,813	2,765,744	2,823,149	2,769,938	3,034,349	3,392,616	3,263,088
Transfer to Charter Schools		13,969			7,999					
Capital Outlay	319,682	110,662	238,531	394,382	68,807	221,104	126,886	817,946	25,174	29,039
Special Revenue Funds						477,323	371,193	234,966	317,543	410,969
Debt Service:										
Principal	135,000	195,000	265,000	335,000	355,000	445,000	465,000	615,000	510,000	520,000
Interest & Other Charges	867,546	858,265	845,327	828,452	809,046	787,193	762,963	437,807	592,441	574,438
Total Expenditures	13,374,881	14,104,963	15,760,185	16,783,884	16,313,579	16,231,704	15,890,765	17,339,799	17,796,631	18,798,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,606	60,927	202,881	(354,876)	222,382	553,041	1,206,724	(214,756)	206,606	(690,020)
Other Financing Sources (Uses):										
Proceeds From Refinancing Bond Issue							10,201,851			
Payments to Refunding Bond Escrow Agent							(10,201,851)			
NJSDA Grant Deobligated									(78,495)	
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	(78,495)	-
Net Change in Fund Balances	$ 34,606	$ 60,927	$ 202,881	$ (354,876)	$ 222,382	$ 553,041	$ 1,206,724	$ (214,756)	$ 128,111	$ (690,020)
Debt Service as a Percentage of Non-capital Expenditures	8.32%	8.14%	7.70%	7.64%	7.72%	8.34%	8.45%	6.81%	6.61%	6.19%

Source: District Records

NOTE: Noncapital expenditures are total expenditures less capital outlay, capital projects fund and debt service.
Central Service and Administrative Information Technology account classifications were added beginning with year end Ju
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Interest Income	$ 13,827	$ 56,216	$ 81,136	$ 66,099	$ 5,042	$ 15,458	$ 8,045	$ 21,200	$ 10,518	$ 11,827
Tuition			10,350	8,100	10,050	11,850	89,152	118,940	99,963	67,749
Prior Year Refunds		713	45			211	16,992	12,427	16,266	44,630
Miscellaneous	910	1,875	2,960	1,127	23,835	538	609	258	364	134
Old Outstanding Checks Voided						7,785	13			54
Facility Rentals							250			425
Emergency Management Training Fees							900			
Contributions							658	250		500
Book Fees							93	49		
Application Fees								500	475	
Accounts Payable Canceled								17,255	17,026	3,542
Sale of Assets										40
Annual Totals	$ 14,737	$ 58,804	$ 94,491	$ 75,326	$ 38,927	$ 35,842	$ 116,712	$ 170,879	$ 144,612	$ 128,901

Source: District Records

LOPATCONG TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Vacant Land	$ 14,863,240	$ 15,314,240	$ 67,346,600	$ 60,018,600	$ 55,445,600	$ 42,028,620	$ 35,700,520	$ 21,599,020	$ 19,621,720	$ 16,235,420
Residential	383,696,011	402,876,756	758,686,424	772,071,256	784,580,256	808,976,846	827,794,246	661,096,274	669,756,124	679,151,024
Farm Regular	6,266,000	5,597,100	11,464,600	11,464,600	11,468,300	13,137,400	12,801,700	10,568,700	11,230,900	11,212,200
Qualified Farm	743,760	722,140	698,131	694,191	695,122	702,046	704,552	702,478	711,662	650,894
Commercial	87,568,300	90,167,800	132,729,561	133,529,311	137,140,971	135,035,724	135,544,724	124,171,875	122,971,275	125,260,175
Industrial	11,758,400	11,611,500	20,708,500	20,708,500	19,067,400	19,067,400	19,067,400	18,036,200	17,423,200	16,284,200
Apartment	11,787,600	11,787,600	18,230,400	18,230,400	18,230,400	18,230,400	18,230,400	16,320,000	16,320,000	16,320,000
Total Assessed Value	516,683,311	538,077,136	1,009,864,216	1,016,716,858	1,026,628,049	1,037,178,436	1,049,843,542	852,494,547	858,034,881	865,113,913
Public Utilities (a)	1,398,328	1,199,680	1,004,809	1,666,228	1,748,462	1,845,675	1,538,797	1,509,258	1,509,258	929,832
Net Valuation Taxable	$ 518,081,639	$ 539,276,816	$ 1,010,869,025	$ 1,018,383,086	$ 1,028,376,511	$ 1,039,024,111	$ 1,051,382,339	$ 854,003,805	$ 859,544,139	$ 866,043,745
Estimated Actual County Equalized Value	$ 655,356,780	$ 761,836,987	$ 882,502,369	$ 978,286,112	$ 1,022,833,671	$ 1,033,453,429	$ 1,002,056,801	$ 963,949,507	$ 896,572,587	$ 840,814,377
Percentage of Net Valuation to Estimated Actual County Equalized Value	79.05%	70.79%	114.55%	104.10%	100.54%	100.54%	104.92%	88.59%	95.87%	103.00%
Total Direct School Tax Rate (b)	$ 1.890	$ 1.914	$ 1.140	$ 1.159	$ 1.159	$ 1.165	$ 1.164	$ 1.462	$ 1.479	$ 1.511
			*					*		

Source: Municipal Tax

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 the County Board of Taxation requests Treasury to order a reassessment

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per $100

* Revalued/Reassessed

LOPATCONG TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER $100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate: Basic Rate (a)	School District Direct Rate: General Obligation Debt Service (b)	School District Direct Rate: (From J-6) Total Direct School Tax Rate	Overlapping Rates: Municipality	Overlapping Rates: County Library	Overlapping Rates: County	Total Direct & Overlapping Tax Rate
2005	$ 1.745	$ 0.145	$ 1.890	$ 0.259	$ 0.067	$ 0.774	$ 2.99
2006	1.768	0.146	1.914	0.277	0.072	0.818	3.08
2007 *	1.060	0.080	1.140	0.192	0.046	0.502	1.88
2008	1.081	0.078	1.159	0.200	0.050	0.535	1.94
2009	1.071	0.088	1.159	0.224	0.052	0.550	1.99
2010	1.075	0.090	1.165	0.267	0.049	0.558	2.04
2011	1.077	0.087	1.164	0.276	0.047	0.562	2.05
2012 *	1.360	0.102	1.462	0.403	0.054	0.627	2.55
2013	1.384	0.095	1.479	0.459	0.053	0.695	2.69
2014	1.409	0.101	1.510	0.508	0.053	0.688	2.76

Sources: Municipal Tax Collector

NOTE: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget 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.
* Revalued/Reassessed

LOPATCONG TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

	2014			2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Phillipsburg Mall LLC	$ 26,157,500	1	3.02%			
Morris Park Associates	23,419,930	2	2.70%			
Brakeley Associates, Inc	16,295,730	3	1.88%	$ 11,500,000	2	2.22%
Strykers Golf, LLC	8,435,700	4	0.97%	4,570,000	6	0.88%
Genesis/Brakeley PC/O Health Care	8,302,200	5	0.96%	9,000,000	3	1.74%
Hillcrest Medical Plaza	7,283,350	6	0.84%	6,346,560	4	1.23%
Kohler Investment Group LLC	5,412,140	7	0.62%			
Genesis/Lopatcong	5,403,350	8	0.62%	5,100,000	5	0.98%
West End Investment Group	5,338,640	9	0.62%			
Scenic Investment Group	5,010,640	10	0.58%			
Crown American				15,802,600	1	3.05%
JT Baker Inc				4,069,000	7	0.79%
Lopatcong Corner Associates, LLC				3,752,200	8	0.72%
Captive Realty of NJ, LLC				2,550,000	9	0.49%
Lopatcong Assoc				2,455,700	10	0.47%
	$ 111,059,180		12.82%	$ 65,146,060		12.57%

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2004	N/A	N/A	
2005	$ 17,100,510	$ 16,691,923	97.61%
2006	19,229,451	18,712,169	97.31%
2007	20,059,143	19,522,354	97.32%
2008	20,591,198	20,041,668	97.33%
2009	20,719,160	20,254,443	97.76%
2010	21,365,659	20,869,570	97.68%
2011	21,784,172	21,090,781	96.82%
2012	21,942,414	21,371,972	97.40%
2013	23,270,822	22,644,624	97.31%

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

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

Information prior to 2005 unavailable.

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities			
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	% of Personal Income (a)	Per Capita (a)
2005	$ 17,640,000		$ 57,537			$ 17,697,537	6.26%	$ 2,231
2006	17,445,000					17,445,000	5.63%	2,143
2007	17,180,000					17,180,000	5.10%	2,068
2008	16,845,000					16,845,000	4.72%	2,019
2009	16,490,000					16,490,000	4.46%	1,968
2010	16,045,000					16,045,000	4.36%	1,914
2011	15,330,000					15,330,000	4.35%	1,914
2012	14,820,000					14,820,000	4.03%	1,855
2013	14,310,000					14,310,000	3.73%	1,774
2014	13,790,000					13,790,000	N/A	1,714

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

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

(b) Includes Early Retirement Incentive Plan (ERIP) refunding

LOPATCONG TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,		General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
		General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005		$ 17,640,000		$ 17,640,000	3.40%	$ 2,167
2006		17,445,000		17,445,000	3.23%	2,100
2007	*	17,180,000		17,180,000	1.70%	2,059
2008		16,845,000		16,845,000	1.65%	2,010
2009		16,490,000		16,490,000	1.60%	1,967
2010		16,045,000		16,045,000	1.54%	2,003
2011		15,330,000		15,330,000	1.46%	1,919
2012	*	14,820,000		14,820,000	1.74%	1,837
2013		14,310,000		14,310,000	1.66%	1,779
2014		13,790,000		13,790,000	1.59%	1,714

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.

* Revalued/Reassessed

LOPATCONG TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	$ 7,072,850	100.00%	$ 7,072,850
County General Obligation Debt	15,050,526	7.90%	1,188,721
Subtotal, Overlapping Debt			8,261,571
School District Direct Debt			13,790,000
Total Direct and Overlapping Debt			$ 22,051,571

Sources: Assessed Value Data Used to Estimate Applicable Percentages Provided by the County Board of Taxation. Debt Outstanding Data Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(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.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized Valuation Basis		
	2013	$ 833,934,183
	2012	891,364,032
	2011	956,490,108
		$ 2,681,788,323
Average Equalized Valuation of Taxable Property		$ 893,929,441
Debt Limit (4.0% of Average Equalization Value)		35,757,178
Total Net Debt Applicable to Limit		13,790,000
Legal Debt Margin		$ 21,967,178

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	$ 24,766,821	$ 29,437,448	$ 34,002,660	$ 37,739,092	$ 40,099,195	$ 40,842,238	$ 40,586,237	$ 39,564,281	$ 37,817,361	$ 35,757,178
Total Net Debt Applicable	17,640,000	17,445,000	17,180,000	16,845,000	16,490,000	16,045,000	15,330,000	14,820,000	14,310,000	13,790,000
Legal Debt Margin	$ 7,126,821	$ 11,992,448	$ 16,822,660	$ 20,894,092	$ 23,609,195	$ 24,797,238	$ 25,256,237	$ 24,744,281	$ 23,507,361	$ 21,967,178
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	71.22%	59.26%	50.53%	44.64%	41.12%	39.29%	37.77%	37.46%	37.84%	38.57%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey. Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

LOPATCONG TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2005	8,139	$ 300,679,077	$ 38,096	2.1%
2006	8,308	336,989,096	40,562	2.2%
2007	8,342	357,196,098	42,819	2.1%
2008	8,381	369,426,099	44,079	2.8%
2009	8,383	367,678,380	43,860	5.0%
2010	8,011	352,467,978	43,998	5.1%
2011	7,989	367,581,879	46,011	4.8%
2012	8,068	383,794,760	47,570	4.6%
2013	8,046	N/A	N/A	3.7%
2014	N/A	N/A	N/A	N/A

Sources:

(a) Population Information Provided by the NJ Dept of Labor and Workforce Development

(b) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented

(c) Per Capita Personal Income by County Estimated Based Upon the 2000 Census Published by the US Bureau of Economic Analysis.

(d) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

LOPATCONG TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2014			2005		
Employer	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

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

FUNCTION/PROGRAM	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction:										
Regular	51.0	52.0	52.5	54.0	56.0	57.2	54.2	60.6	42.0	56.6
Special Education	12.0	12.0	21.0	16.0	17.0	13.4	18.5	24.4	26.4	18.2
Other Instruction	3.0	4.0							13.6	9.7
Support Services:										
Student and Instruction Related Services	5.0	7.5	12.4	20.8	20.2	23.5	22.9	17.4	10.2	10.2
General Administration	3.1	3.1	2.0	2.0	2.0	2.0	2.7	2.7	2.7	2.5
School Administration Services	4.0	4.0	6.0	7.0	7.0	6.7	5.8	7.7	5.6	5.6
Central Services	2.0	2.0	3.0	3.0	3.5	3.6	3.4	4.2	3.1	2.5
Plant Operations and Maintenance	8.0	8.0	10.2	10.2	10.2	10.2	13.0	10.0	9.0	9.0
Transportation Services						0.3	0.3	0.3	0.3	0.3
Total	88.1	92.6	107.1	113.0	115.9	116.9	120.8	127.3	112.9	114.6

Sources: District Personnel Records

LOPATCONG TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio Elementary Schools	Teacher Ratio Middle School	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	851	$ 12,052,653	$ 14,163	12.04%	73.0	1 to 12.95	1 to 14.43	841.6	808.4	-1.02%	96.06%
2006	890	12,927,067	14,525	2.56%	73.0	1 to 14.85	1 to 12.13	889.4	855.6	5.68%	96.20%
2007	912	14,411,327	15,802	8.79%	77.0	1 to 12.61	1 to 10.97	918.9	884.3	3.32%	96.23%
2008	894	15,226,050	17,031	7.78%	79.0	1 to 12.04	1 to 10.57	902.4	868.7	-1.80%	96.27%
2009	873	15,072,727	17,265	1.37%	79.0	1 to 11.04	1 to 11.05	877.5	843.2	-2.76%	96.09%
2010	940	14,778,407	15,722	-8.94%	97.0	1 to 13.14	1 to 11.08	934.7	899.9	6.52%	96.28%
2011	917	14,535,916	15,852	0.83%	86.0	1 to 11.62	1 to 11.40	917.5	879.7	-1.84%	95.88%
2012	895	15,469,046	17,284	9.04%	85.0	1 to 9.33	1 to 10.92	885.9	853.8	-3.44%	96.38%
2013	879	16,669,016	18,964	9.72%	76.0	1 to 8.14	1 to 9.25	872.8	838.2	-1.48%	96.04%
2014	861	17,674,848	20,528	8.25%	78.0	1 to 11.02	1 to 13.00	854.4	820.7	-2.11%	96.06%

Source: District Records

(a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

(b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

(c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

LOPATCONG TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

DISTRICT BUILDING	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Deleware Park Elementary School (1924)										
Square Feet	10,920	10,920	10,920	10,920	10,920	10,920	10,920	10,920	10,920	10,920
Capacity (Students)	75	75	75	75	75	75	75	75	75	75
Enrollment	-	-	-	-	-	-	-	-	-	-
Lopatcong Elementary School (1960/1975)										
Square Feet	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240
Capacity (Students)	500	500	539	539	539	539	539	539	539	539
Enrollment	440	490	507	500	475	519	480	491	479	458
Lopatcong Middle School (2003)										
Square Feet	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (Students)	512	512	512	512	512	512	512	512	512	512
Enrollment	408	400	405	413	398	421	435	404	400	397

Number of Schools at June 30, 2014:

Elementary	1
Middle School	1
High School	O
Other	O

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Court.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

Fiscal Year	*School Facilities			Total
	Delaware Park School	Lopatcong Elementary School	Lopatcong Middle School	
2005	9,974	52,296	90,464	152,734
2006	9,412	49,353	85,373	144,138
2007	11,470	60,141	104,034	175,645
2008	11,211	58,783	101,685	171,679
2009	6,020	31,565	54,602	92,187
2010	83	43,091	50,783	93,957
2011	459	137,674	199,919	338,052
2012	463	134,623	173,881	308,967
2013	658	119,110	122,793	242,561
2014	767	116,944	184,276	301,987
Total School Facilities	$ 50,517	$ 803,580	$ 1,167,810	$ 2,021,907

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

LOPATCONG TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
(UNAUDITED)

	Coverage	Deductible
School Package Policy-School Alliance Ins Fund:		
Property-Blanket Building & Contents (Policy Limit)	$ 250,000,000	$ 2,500
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Employee Benefit Liability	5,000,000	1,000
Excess Liability	5,000,000	
School Board Legal Liability-School Alliance Ins Fund:		
Directors and Officers Policy	5,000,000	5,000
Worker's Compensation-School Alliance Ins Fund:		
Per Accident, Disease and Disease Limit	5,000,000	
Public Employees' Faithful Performance-Selective Ins Co:		
Blanket Position Bond	100,000	2,500
Treasurer of School Monies Bond	205,000	

Source: District Records

SINGLE AUDIT SECTION

William M. Colantano, Jr.
A Professional Corporation

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITOR'S REPORT

November 26, 2014

Honorable President and
Members of the Board of Education
Lopatcong Township School District
County of Warren, New Jersey

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lopatcong Township School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated November 26, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education'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 Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education'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 entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Public School Accountant
No. CS 0128

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INDEPENDENT AUDITOR'S REPORT

November 26, 2014

Honorable President and
Members of the Board of Education
Lopatcong Township School District
County of Warren, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Lopatcong Township School District's (the District) 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 Board of Education's major federal and state programs for the year ended June 30, 2014. The Board of Education'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 Board of Education'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 NJ 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 Board of Education'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 Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education 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 Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education'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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ 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 Board of Education'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 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. Accordingly, this report is not suitable for any other purpose.

William M. Colantuono, Jr.

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the financial statements of the District as of and for the year ended June 30, 2014, and have issued our report thereon dated November 26, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

William M. Colantano, Jr.
Public School Accountant
No. CS 0128

LOPATCONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2013 (Acct Rec) Unearned Revenue	Balance June 30, 2013 Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2014 Accounts Receivable	Balance June 30, 2014 Unearned Revenue	Balance June 30, 2014 Due to Grantor
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund													
NCLB Title IA	84.010A	NCLB-279014	$ 75,893	7/01/13-6/30/2014				$ 66,797			$ (75,893)	$ 9,096	
NCLB Title IA	84.010A	NCLB-279013	53,690	9/01/12-8/31/2013	$ (26,012)		$ 53,689	27,677					
NCLB Title II A	84.367A	NCLB-279014	10,299	7/01/13-6/30/2014				1,500			(10,299)	8,799	
Race to the Top Phase 3 (RTT3)	84-413A	N/A	3,281	9/1/11-11/30/2015	(1,874)						(1,874)		
IDEA Basic	84.027	IDEA-279014	217,765	7/01/13-6/30/2014			148,499	211,550			(69,266)	6,215	
IDEA Basic	84.027	IDEA-279013	232,760	9/01/12-8/31/2013	(85,211)		179,129	93,090			(1,602)	2,430	
IDEA Pre School	84.173	IDEA-279014	5,690	7/01/13-6/30/2014			3,440	5,690			(2,250)		
Total Special Revenue Fund					(113,097)	$ -	384,757	406,304	$ -	$ -	(161,184)	26,540	$ -
US Department of Agriculture Passed Through State Department of Education:													
Enterprise Fund:													
National School Lunch Program:													
Non-Cash Assistance (Commodities)	10.555-	N/A	18,651	7/01/2012-6/30/2013	1,629			1,629					
Non-Cash Assistance (Commodities)	10.555-	N/A	19,425	7/01/2013-6/30/2014			19,425	18,014				1,411	
Special Milk Program for Children	10.556-	N/A	1,132	7/01/2012-6/30/2013	(218)		218						
Special Milk Program for Children	10.556-	N/A	472	7/01/2013-6/30/2014			439	472			(33)		
National School Lunch Program-Cash Assistance	10.555-	N/A	59,925	7/01/2012-6/30/2013	(12,459)		12,459						
National School Lunch Program-Cash Assistance	10.555-	N/A	63,499	7/01/2013-6/30/2014			59,420	63,499			(4,079)		
Total Enterprise Fund					(11,048)	-	91,961	83,614	-	-	(4,112)	1,411	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					$ (124,145)	$ -	$ 476,718	$ 489,918	$ -	$ -	$ (165,296)	$ 27,951	$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

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

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2013 (Acct Rec) Unearned Revenue	Cash Received	Budgetary Expenditure	Adjustment/ Repay of Prior Year Balance	Balance June 30, 2014 Accounts Receivable	Balance June 30, 2014 Unearned Revenue	Balance June 30, 2014 Due to Grantor	Memo Budgetary Receivable	Memo Cumulative Total Expenditures
State Department of Education												
General Fund:												
Special Education Categorical Aid	13-495-034 -5120-089	$ 688,008	7/01/2012- 6/30/2013	$ (66,375)	$ 66,375							
Special Education Categorical Aid	14-495-034 -5120-089	695,116	7/01/2013- 6/30/2014		628,482	$ 695,116		$ (66,634)			$ (66,634)	$ 695,116
Equalization Aid	13-495-034 -5120-078	2,606,098	7/01/2012- 6/30/2013	(251,422)	251,422							
Equalization Aid	14-495-034 -5120-078	2,598,242	7/01/2013- 6/30/2014		2,349,172	2,598,242		(249,070)			(249,070)	2,598,242
Extraordinary Aid	13-100-034 5120-473	210,486	7/01/2012- 6/30/2013	(210,486)	210,486							
Extraordinary Aid	14-100-034 5120-473	128,490	7/01/2013- 6/30/2014			128,490		(128,490)			(128,490)	128,490
Transportation Aid	13-495-034 -5120-014	35,307	7/01/2012- 6/30/2013	(3,406)	3,406							
Transportation Aid	14-495-034 -5120-014	32,937	7/01/2013- 6/30/2014		29,780	32,937		(3,157)			(3,157)	32,937
Security Aid	13-495-034 -5120-084	19,654	7/01/2012- 6/30/2013	(1,896)	1,896							
Security Aid	14-495-034 -5120-084	22,771	7/01/2013- 6/30/2014		20,588	22,771		(2,183)			(2,183)	22,771
School Choice Aid	14-495-034 -5120-068	119,768	7/01/2013- 6/30/2014		108,287	119,768		(11,481)			(11,481)	119,768
Under Adequacy Aid	14-495-034 -5120-096	12,277	7/01/2013- 6/30/2014		11,100	12,277		(1,177)			(1,177)	12,277
NP School Transportation	13-495-034 -5120-014	522	7/01/2012- 6/30/2013	(522)	522							
NP School Transportation	14-495-034 -5120-014	2,600	7/01/2013- 6/30/2014			2,600		(2,600)			(2,600)	2,600
Reimbursement TPAF Social Security Contribution	13-495-034 -5095-002	382,357	7/01/2012- 6/30/2013	(27,835)	27,835							
Reimbursement TPAF Social Security Contribution	14-495-034 -5095-002	427,060	7/01/2013- 6/30/2014		427,060	427,060						427,060
On-Behalf TPAF Pension Contribution- Normal Cost and Accrued Liability	14-495-034 -5095-006	225,922	7/01/2013- 6/30/2014		225,922	225,922						225,922
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	14-495-034 -5095-007	19,941	7/01/2013- 6/30/2014		19,941	19,941						19,941
On-Behalf TPAF Pension Contribution- Post Retirement Medical	14-495-034 -5095-001	403,124	7/01/2013- 6/30/2014		403,124	403,124						403,124
Total General Fund				(561,942)	4,785,398	4,688,248	$ -	(464,792)	$ -	$ -	(464,792)	4,688,248
Debt Service Fund:												
Debt Service Aid	14-495-034 -5120-017	181,705	7/01/2013- 6/30/2014		181,705	181,705						181,705
Total Debt Service Fund				-	181,705	181,705	-	-	-	-	-	181,705
Special Revenue Fund:												
Nonpublic Textbook Aid	14-100-034 -5120-064	1,536	7/01/2013- 6/30/2014		1,536					1,536		
Nonpublic Textbook Aid	13-100-034 -5120-064	1,480	7/01/2012- 6/30/2013	1,480			(1,480)					
Nonpublic Nursing Services	14-100-034 -5120-070	3,783	7/01/2013- 6/30/2014		3,783	3,783						3,783
Nonpublic Technology Initiative	14-100-034 -5120-373	560	7/01/2013- 6/30/2014		560	484				76		484

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LOPATCONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2013 (Acct Rec) Unearned Revenue	Cash Received	Budgetary Expenditure	Adjustment/ Repay of Prior Year Balance	Balance June 30, 2014 Accounts Receivable	Balance June 30, 2014 Unearned Revenue	Balance June 30, 2014 Due to Grantor	Memo Budgetary Receivable	Memo Cumulative Total Expenditures
Special Revenue Fund: (Continued)												
Nonpublic Handicapped Services Aid:												
Chapter 193 Services:												
Initial Examination & Classification	13-100-034 -5120-066	$ 2,228	7/01/2012- 6/30/2013	$ 2,228			$ (2,228)					
Annual Examination & Classification	13-100-034 -5120-066	958	7/01/2012- 6/30/2013	958			(958)					
Supplemental Instruction	13-100-034 -5120-066	694	7/01/2012- 6/30/2013	205			(205)			-		
Initial Examination & Classification	12-100-034 -5120-066	2,253	7/01/2011- 6/30/2012	1,351			(1,351)					
Annual Examination & Classification	12-100-034 -5120-066	968	7/01/2011- 6/30/2012	549			(549)					
Corrective Speech	12-100-034 -5120-066	3,159	7/01/2011- 6/30/2012	1,900			(1,900)					
Supplemental Instruction	12-100-034 -5120-066	631	7/01/2011- 6/30/2012	422			(422)					
Total Special Revenue Fund				9,093	$ 5,879	$ 4,267	$ (9,093)	$ -	$ -	$ 1,612	$ -	$ 4,267
Capital Projects Fund:												
NJSDA Grant-Elementary School Upgrades	SDA2790-050-09-00BM	357,730	N/A	(357,730)	357,730							
				(357,730)	357,730	-	-	-	-	-	-	-
State Department of Agriculture Enterprise Fund:												
National School Lunch Program (St Share)	13-100-010 -3350-023	3,056	7/01/2012- 6/30/2013	(768)	768							
National School Lunch Program (St Share)	14-100-010 -3350-023	3,109	7/01/2013- 6/30/2014		2,779	3,109		(330)			(330)	3,109
Total Enterprise Fund				(768)	3,547	3,109	-	(330)	-	-	(330)	3,109
TOTAL STATE FINANCIAL ASSISTANCE				$ (911,347)	$ 5,334,259	$ 4,877,329	$ (9,093)	$ (465,122)	$ -	$ 1,612	$ (465,122)	$ 4,877,329

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LOPATCONG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2014

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Lopatcong Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's general-purpose financial statements.

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2004, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred 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 revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $10,603 for the general fund and ($398) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund		$ 4,677,645	$ 4,677,645
Special Revenue Fund	$ 406,702	4,267	410,969
Debt Service Fund		181,705	181,705
Food Service Fund	83,614	3,109	86,723
	$ 490,316	$ 4,866,726	$ 5,357,042

LOPATCONG TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2014
(Continued)

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 under the USDA Commodities Program represent 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 Contribution represents 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.

LOPATCONG TOWNSHIP 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

Type of Auditor's Report Issued:	Unmodified	
Internal Control Over Financial Reporting:		
1. Material weakness(es) identified?	____ Yes	X No
2. Reportable conditions identified that are not considered to be material weaknesses?	____ Yes	X No
Noncompliance Material to General Purpose Financial Statements Noted?	____ Yes	X No
Federal Awards	NOT APPLICABLE	
Internal Control Over Major Programs:		
1. Material weakness(es) identified?	____ Yes	____ No
2. Reportable conditions identified that are not considered to be material weaknesses?	____ Yes	____ No
Type of Auditor's Report Issued on Compliance for Major Programs?	NOT APPLICABLE	
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133	____ Yes	X No

Identification of Major Programs:

CFDA Numbers	Amount	Name of Federal Program

NOT APPLICABLE

LOPATCONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

Dollar Threshold used to Distinguish Between Type A and Type B Programs: NOT APPLICABLE

Auditee qualified as a low-risk auditee ____ Yes ____ No

State Awards

Dollar Threshold used to Distinguish Between Type A and Type B Programs: $300,000

Auditee Qualified as low-risk auditee X Yes ____ No

Type of Auditor's Report Issued on Compliance for Major Programs: Unmodified

Internal Control Over Major Programs:
1. Material weakness(es) identified? ____ Yes X No
2. Reportable conditions identified that are not considered to be material weaknesses? ____ Yes X No

Any Audit Findings Disclosed That are Required to be Reported in Accordance with NJ OMB Circular Letter 98-07? ____ Yes X No

Identification of Major Programs:

GMIS Numbers	Amount	Name of State Program
14-495-034-5120-089	$ 695,116	Special Education Aid
14-495-034-5120-078	2,598,242	Equalization Aid
14-495-034-5095-002	427,060	TPAF Social Security
14-495-034-5120-017	181,705	Debt Service Aid
14-495-034-5120-068	119,768	School Choice Aid

LOPATCONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2014.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

Instance of Non-Compliance-Eligibility/Allow ability
Federal Programs:
None
State Programs:

Equalization Aid	GMIS Number 14-495-034-5120-078
Categorical Special Education Aid	GMIS Number 14-495-034-5120-089
Categorical Security Aid	GMIS Number 14-495-034-5120-084

Finding: Amounts reported on the Application for State School Aid were not in agreement with detailed registers maintained by the District.

Questioned Costs: There were no questioned costs since the finding does not relate to expenditures incurred by the District.

Criteria: All amounts reported on the Application for State School Aid should be supported by detailed registers.

Condition: Detailed registers for special education students were not in agreement with amounts reported.

Cause: Students attending other districts and private schools for the disabled were also included in the on roll count in the special education category.

Effect: Students attending other districts and private schools for the disabled were over-reported on the Application for State School Aid.

Recommendation: Greater care should be taken in the preparation of the annual Application for State School Aid.

LOPATCONG TOWNSHIP SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.