MANALAPAN - ENGLISHTOWN

REGIONAL SCHOOLS

A REGIONAL DISTRICT COMPRISED OF THE
TOWNSHIP OF MANALAPAN
AND THE
BOROUGH OF ENGLISHTOWN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

June 30, 2014

MANALAPAN-ENGLISHTOWN SCHOOL DISTRICT

ENGLISHTOWN, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2014

Prepared by

Manalapan-Englishtown Regional School District Business Office,
Sharon Silvia Assistant Business Administrator

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INTRODUCTORY SECTION

Serving With Pride The
Township of Manalapan and the Borough of Englishtown

John J. Marciante, Jr., Ph.D.
Superintendent of Schools

Veronica Wolf
Board Secretary

BUSINESS OFFICE

Veronica Wolf
Business Administrator/
Board Secretary

Sharon Silvia
Assistant Business Administrator/
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November 17, 2014

Honorable President and Members
of the Board of Education
Manalapan-Englishtown Regional
School District
County of Monmouth, New Jersey

Dear Board Members:

With pleasure, we submit the Comprehensive Annual Financial Report (CAFR) of the Manalapan-Englishtown Regional School District for the fiscal year ended June 30, 2014. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with Management of the District. To the best of our knowledge and belief, 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 as follows:

- The Introductory Section contains a Table of Contents, Letter of Transmittal, Roster of Officials, and an Organizational Chart of the School District;

- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;

- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;

- The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1996, as amended, the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

SCHOOL DISTRICT ORGANIZATION

The Manalapan-Englishtown Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards. All funds of the District are included in this report. The Manalapan-Englishtown Regional Board of Education and all its schools constitute the District's reporting entity. The District has maintained a high quality of education, even though it is one of the largest K-8 districts in Monmouth County.

The Manalapan-Englishtown District serves the children of the Township of Manalapan and the Borough of Englishtown. The District provides a full range of programs and services appropriate to grades Pre-K through 8. An early learning center (The John I. Dawes Early Learning Center) houses the pre-K and kindergarten programs. Five elementary schools (Clark Mills, Milford Brook, Taylor Mills, Lafayette Mills, and Wemrock Brook) house grades 1 through 5. The Pine Brook School houses grade 6. The Manalapan-Englishtown Middle School (MEMS) houses grades 7 and 8.

Supervising district-wide goals is a district superintendent, an assistant superintendent for curriculum and human resources, a business administrator, three district wide curriculum supervisors, a director of special education and a supervisor of special education. The Early Learning Center has its own principal and assistant principal. Each 1 - 5 elementary has its own principal and one assistant principal. Pine Brook has one principal and one assistant principal. The middle school has one principal and two assistant principals.

The Board of Education, comprised of nine members, each elected to 3-year terms, meets on the first and third Tuesday of each month to determine district goals and priorities and conduct the business of the Board of Education. The Board of Education utilizes a committee structure as well as operates as a committee of the whole. All committee of the whole meetings are open to the public and begin at 7:30 PM and conclude at 11:30 PM unless the board passes a resolution to extend the meeting.

Ad-hoc advisory committees composed of representatives from the community; administration, PTA's, and the Township and Borough are often formed to provide the Board of Education with information and input on specific issues. In the 2013-14 school year the Board of Education did not have a specific Ad-Hoc committee, although the district did seek input from community members and the PTA’s regarding curriculum program offerings, impact of proposed budget reductions and changes in transportation.

PTA's are highly active in the District and provide community support for a variety of programs and activities for the children. A senior citizen group provides the District with information regarding community members who no longer have children in the district.

To maintain communication with the various constituent groups, the District utilizes its web site. Budget information, while available on the web site, is also presented to the township committee and borough council.

In May 2014, the New Jersey Department of Education released its Taxpayers’ Guide to Education Spending for all school districts in the State. The guide compares districts with those who are similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This reports shows that the district spends $16,904 per pupil while the average costs for similar districts are $17,938. Of the 88 K-8 school districts in the state with enrollments exceeding 751 children, Manalapan-Englishtown Regional ranked 35th lowest in total cost per pupil.

EDUCATIONAL PROGRAM

Each of the schools in the district follows the district-wide goals and educational approaches to the teaching of children, while maintaining a unique personality that makes up that particular school. The transition from the New Jersey Core Curriculum Content Standards to the Common Core State Standards in Language Arts and Mathematics began in 2011-2012 and was completed by September of 2012. The following table presents the actual historical pupil enrollment, as of October 15, for the school years 2004-05 through 2013-14.

School Year	Enrollment *As of October 15*
2004-05	5,486
2005-06	5,495
2006-07	5,446
2007-08	5,471
2008-09	5,454
2009-10	5,364
2010-11	5,188
2011-12	5,161
2012-13	5,136
2013-14	5,027

ECONOMIC CONDITION AND OUTLOOK

Monmouth County is steeped in history from pre-revolutionary times to the present day. Rich in natural resources, Monmouth's deep forests, rolling countryside and miles of beautiful sandy beaches offer a perfect backdrop for the vast variety of recreational, cultural and leisure opportunities in the area. The County has horse country and thriving agricultural industry in the west, beaches and seaside resorts in the east, and a booming business community throughout. The Manalapan-Englishtown Regional School District serves students from a wide range of socioeconomic backgrounds.

Monmouth County is located in the center of the state approximately 47 miles south of New York City and 55 miles east of Philadelphia. Newark Liberty International Airport is just 40 minutes away. The public and private transportation systems include more than 2,600 miles of rails and roads, making the County accessible to virtually all of New Jersey as well as nearby New York and Philadelphia.

Because Monmouth County continues to be among the fastest growing in New Jersey, change is constant in the Manalapan-Englishtown Regional School District. Sales of both new and existing homes are occurring at a slow pace. Existing homes continue to stay on the market for a much longer period of time than a few years ago. Just last year, the number of families relocating in the area has dropped compared to years 2007 and 2008, respectively.

On Tuesday, January 17, 2012, Governor Christie signed into law A-4394/S-3148 (P.L. 2011, chapter 202), which established procedures for moving the date of a school district's annual school election from April to the General Election in November. Districts that choose to elect their school board members in November no longer have to submit their budgets for voter approval as long as it does not exceed the levy cap. Budgets that are in excess of the cap would still require voter approval. Once a school election is moved to November, no action can be taken (either by petition or resolution) to move the election back to April for four (4) years. Special Elections are still permitted in January, March, September and December should the need arise.

On Tuesday, January 17, 2012, the Manalapan-Englishtown Regional Board of Education passed a resolution moving the annual school board election to the General Election in November and effectively eliminated the requirement for voter approval of the district school budget as long as it does not exceed the levy cap. This election shall remain in effect for a minimum of four (4) years.

The District, along with all of the other public school systems in the state, will continue to face difficult economic situations in the future since the primary funding source is and will continue to be property tax revenue. The proposed budget for the fiscal year 2014-15 was approved on May 6, 2014. Overall tax revenue for 2014-2015 was increased by 4.20%, but the increased expenditures from the growing cost of contractual salary increases, employee health care, increases in the contributions to the retirement system, and rising insurance premiums have outpaced the additional revenue. We recognize that the state is in a financial crisis and want to assure our residents that the Manalapan-Englishtown Regional School District is doing its part to maintain a responsible budget. The District's administration closely monitors the cost of operations and continues to look for new funding sources in order to maintain the quality education services that the district has been accustomed to providing. Manalapan-Englishtown Regional School's Foundation and the Manalapan-Englishtown Regional School District's PTA's donated generously during the 2013-2014 school year.

MAJOR INITIATIVES

The Board of Education has completed the roof replacement projects at both the Manalapan-Englishtown Middle School and the Pine Brook Elementary School. The District undertook the first phase of its One to One Digital Conversion Initiative by issuing Chromebooks to each sixth grade student at the Pine Brook School and authorized the purchase of Chromebooks for phase two. Phase two Chromebooks will be handed out over the summer to students that will begin sixth grade in September, 2014. When this initiative is fully implemented, every student in grades six through eight will have a Chromebook for use both in and outside of school. The Board of Education also authorized the purchase of supplies, furniture and equipment needed to support the move to full day kindergarten in September, 2014.

The capital projects listed below are in various stages of implementation:

- Unit Ventilator Upgrade at the Clark Mills Elementary School
- Fire Proofing upgrade at the Manalapan-Englishtown Middle School
- Dry Suppression System Installation and HVAC Upgrades at the Manalapan-Englishtown Middle School and Wemrock Brook Elementary School
- Upgrade to the Fire Alarm Panel at Clark Mills Elementary School and John I. Dawes Early Learning Center

INTERNAL CONTROLS

Management of the district is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from loss, theft or misuse; and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally-accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation 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 related to those programs. This internal control structure is also subject to periodic evaluation by the district management.

As part of the district's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the general fund, the special revenue funds, 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.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in Notes to the Basic Financial Statements, Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit 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.

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, fidelity bonds and worker's compensation. A schedule of insurance coverage is found in Exhibit J-20.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Jump, Perry & Company. L.L.P. was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of the Single Audit Act Amendments of 1996 and the related U.S Office of Management and Budget Circular, "Audits of State, Local Governments and Non-Profit Organizations" A-133 and the State Treasury Circular Letter 04-04 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS

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

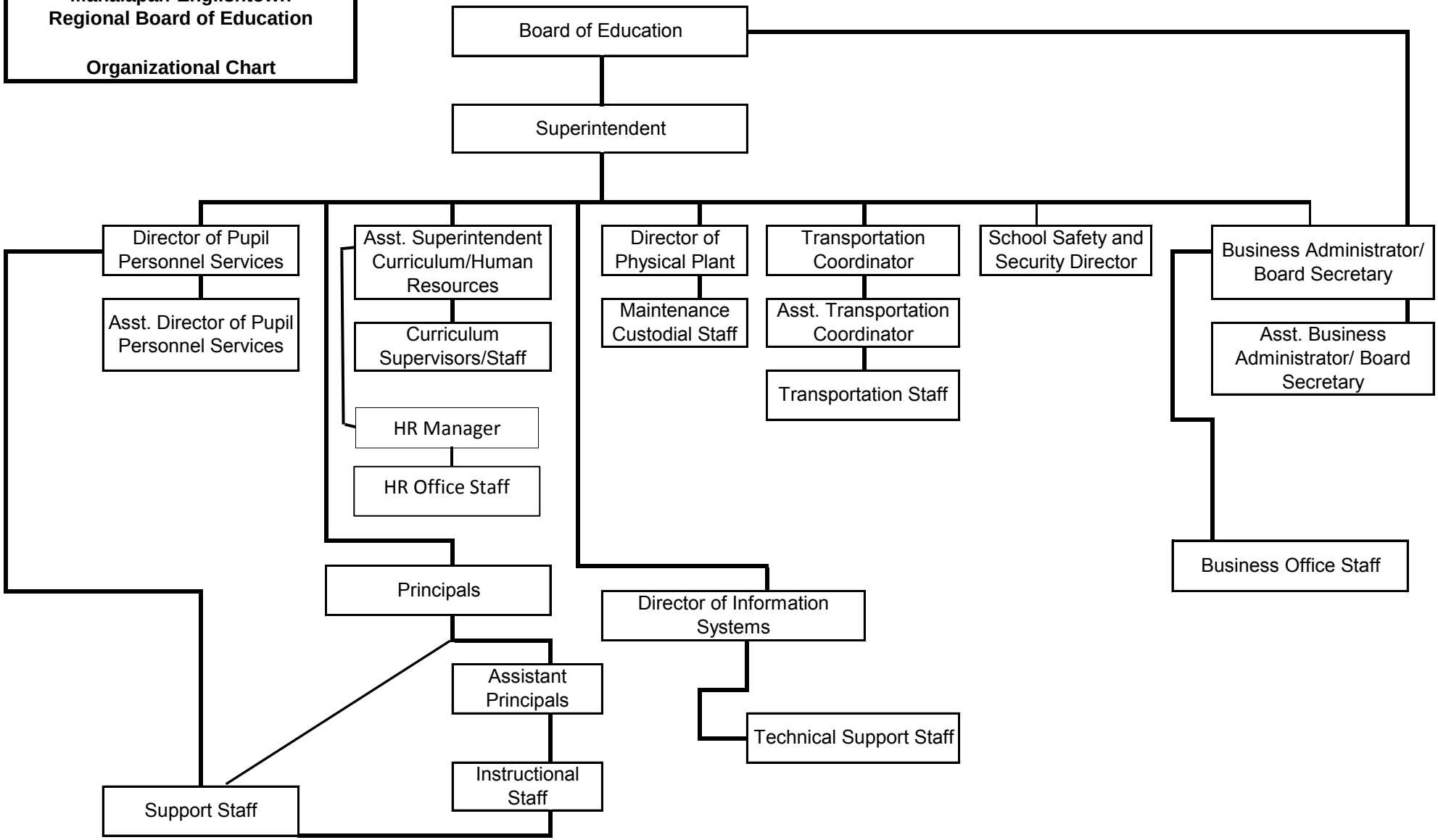
Respectfully submitted,

John J. Marciante, Jr., PH. D
Superintendent

Veronica Wolf
Board Secretary/School Business Administrator

Manalapan-Englishtown Regional Board of Education

Organizational Chart



MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

ENGLISHTOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2014

Members of the Board of Education	**Term Expires**
Dotty Porcaro, President	2014
Brian Graime	2016
AnnaMarie Galante	2015
Gerald Bruno	2016
Lori Semel	2015
Michele Stipelman	2014
Joanne Schechter	2015
Giovanna Joann Braun	2014

Other Officials

John J. Marciante, Jr., Ph.D., Superintendent

Veronica Wolf, Business Administrator/Board Secretary

Sharon Silvia, Assistant Business Administrator/Assistant Board Secretary

Sanford Brown, Solicitor

MANALAPAN-ENGLISHTOWN BOARD OF EDUCATION

Consultants and Advisors

June 30, 2014

Architect

The Musial Group
191 Mill Lane
Mountainside, NJ 07092

Audit Firm

Jump, Perry & Company., L.L.P.
12 Lexington Ave.
Toms River, NJ 08753

Attorney

Sanford D. Brown, Esq.
1127 Highway 35
Ocean Township, NJ 07712

Official Depository

PNC Bank
109 Route 9
Marlboro, New Jersey 07726

Financial Advisor

Public Resources, Inc.
39 South Point Blvd.
Barnegat, New Jersey 08005

Bond Council

John L. Kraft, Esq.
Kraft & Capizzi, LLC
505 Thornall Street
Edison, NJ 08837

FINANCIAL SECTION

JUMP, PERRY AND COMPANY, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS
12 LEXINGTON AVENUE · TOMS RIVER, NJ · 08753 · PHONE (732) 240-7377 · FAX (732) 505-8307 · WEBSITE: jumpcpa.com

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Manalapan-Englishtown Regional School District
County of Monmouth
Freehold, 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 Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School'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 and the audit requirements as prescribed by the, Office of School Finance, Department of Education State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, 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 on pages 13 and 55 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 Manalapan-Englishtown Regional School District's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit* Organizations and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014 on our consideration of the Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey'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 Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey's internal control over financial reporting and compliance.

Respectfully submitted,

JUMP, PERRY AND COMPANY, L.L.P.
Toms River, New Jersey

Kathy Perry

Kathryn Perry
Licensed Public School Accountant
No. CS 20CS00226400

Toms River, New Jersey
November 17, 2014

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

The Discussion and Analysis (MD&A) of Manalapan-Englishtown Regional School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance. Certain comparative information between the current year (2013-2014) and the prior year (2012-2013) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, Net Position of governmental activities increased $1,195,998, which represents a 1.98% increase from 2013. Net Position of business-type activities increased $77,964, which represents a .15% increase from 2013.

- General revenues accounted for $76,819,691 in revenue or 90.68% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $7,895,824 or 9.32% of total revenues of $84,715,515.

- Total assets of governmental activities decreased by $757,277 as cash and cash equivalents increased by $1,701,584, receivables decreased by $199,576, net capital assets decreased by $1,981,482, and other assets decreased by $301,321.

- The District had $83,519,517 in governmental activity expenses; only $7,895,824 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $76,819,691 were adequate to provide for these programs.

- In the governmental funds, the general fund had $78,961,481 in revenues and $78,941,401 in expenditures. The general fund's fund balance increased $20,080 over 2013.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Manalapan-Englishtown Regional Public 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 focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing services that can be provided by the government along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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. In the case of Manalapan-Englishtown Regional School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

This document contains the large number of funds used by the District to provide programs and activities. The view of the 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 help 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 all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the school district is divided into two distinct kinds of activities:

- Governmental Activities – All of the District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extracurricular activities.

- Business-Type Activities – This service is provided on a charge for goods or services basis in order to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Fund

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 to 54 of this report.

The School District as a Whole

Recall that the statement of net position provides the perspective of the school district as a whole. Net Position may serve over time as a useful indicator of a government's financial position.

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

Table 1 provides a summary of the school district's Net Position for 2014 and 2013

Table 1
Net Position

	Governmental Activities		Business-type Activities	
Assets	**2014**	**2013**	**2014**	**2013**
Current and Other Assets	$ 12,851,220	$ 11,627,015	$ 507,305	$ 431,814
Capital Assets, Net	98,745,156	100,726,638	254,423	298,636
Total Assets	$ 111,596,376	$ 112,353,653	$ 761,728	$ 730,450
Deferred Outflows				
Bond Issuance Costs, net	$ 243,561	$ 267,079	$ -	$ -
Total Deferred Outflows	$ 243,561	$ 267,079	$ -	$ -
Liabilities				
Long-term Liabilities	$ 44,615,144	$ 48,144,610	$ -	$ -
Other Liabilities	5,483,639	3,930,966	178,216	224,902
Total Liabilities	$ 50,098,783	$ 52,075,576	$ 178,216	$ 224,902
Net Assets				
Net Investment in Capital Assets	$ 53,679,682	$ 53,704,479	$ 254,423	$ 298,636
Restricted	10,386,596	10,421,869	-	-
Unrestricted	(2,325,124)	(3,581,192)	329,089	206,912
Total Net Assets	$ 61,741,154	$ 60,545,156	$ 583,512	$ 505,548

The district's combined Net Position was $62,324,666 on June 30, 2014. This was an increase of $1,273,962, 2.09% from the prior year.

Table 2 shows the changes in Net Position from fiscal year 2014 and fiscal year 2013.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities	
Revenues	**2014**	**2013**	**2014**	**2013**
Program Revenues:				
Charges for Services	$ 384,137	$ 215,398	$ 1,624,960	$ 1,548,527
Operating Grant & Contributions	7,511,687	8,444,545	447,813	434,992
General Revenues:				
Property Taxes	56,038,070	54,939,295	-	-
Grants and Entitlements	20,511,322	20,433,175	-	-
Other	270,299	461,223	-	-
Total Revenues	84,715,515	84,493,636	2,072,773	1,983,519
Program Expenses				
Instruction	51,130,539	53,351,482	-	-
Support Services:				
Pupils and Instructional Staff	8,208,796	7,892,941	-	-
General Administration, School	1,059,447	1,240,146		
Administration, and Central Srvcs	4,646,535	4,524,985	-	-
Operations and Maint. Of Facilities	9,433,435	7,939,864	-	-
Pupil Transportation	7,133,698	6,540,131	-	-
Interest on debt	1,907,067	2,289,266	-	-
Food Service	-	-	1,994,809	2,012,408
Total Expenses	83,519,517	83,778,815	1,994,809	2,012,408
Increase(Decrease) in Net Position	$ 1,195,998	$ 714,821	$ 77,964	$ (28,889)

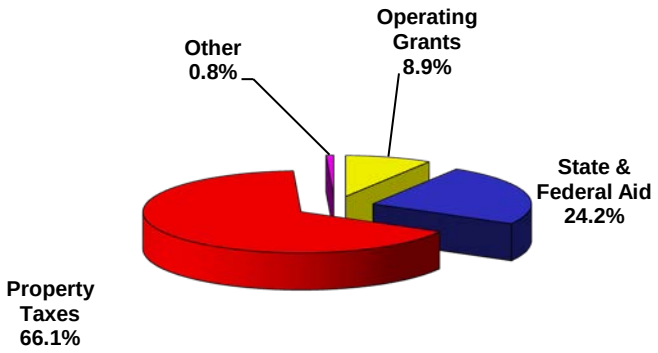
Governmental Activities

In the past, there was a unique nature to property taxes in New Jersey which created the legal requirement to annually seek voter approval for the District operations. On Tuesday, January 17, 2012, Governor Christie signed into law A-4394/S-3148 (P.L. 2011, chapter 202), which established procedures for moving the date of a school district's annual school election from April to the General Election in November. Districts that choose to elect their school board members in November no longer have to submit their budgets for voter approval as long as it does not exceed the levy cap. Budgets that are in excess of the cap would still require voter approval. Once a school election is moved to November, no action can be taken (either by petition or resolution) to move the election back to April for four (4) years. Special Elections are still permitted in January, March, September and December should the need arise.

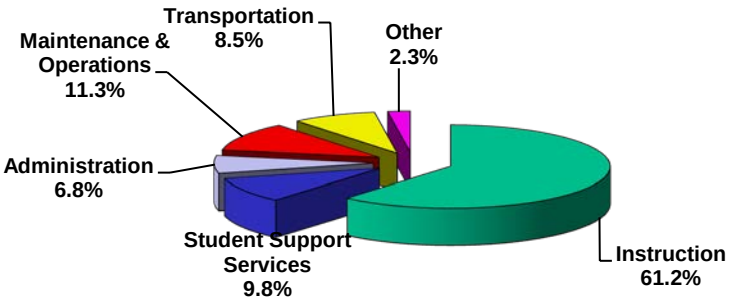
On Tuesday, January 17, 2012, the Manalapan-Englishtown Regional Board of Education passed a resolution moving the annual school board election to the General Election in November and effectively eliminated the requirement for voter approval of the district school budget as long as it does not exceed the levy cap. This election shall remain in effect for a minimum of four (4) years.

Property taxes made up 66.1% of revenues for governmental activities for the Manalapan-Englishtown Regional Public School District for fiscal year 2014 and 65.0% of revenues for fiscal year 2013. Property tax revenues increased by $1,098,775, which is a 2.0% increase from the prior year. The District's total revenues for governmental activities were $84,715,515 for the year ended June 30, 2014. Federal, state and local grants accounted for another 24.2% of revenue.

Sources of Revenues for Fiscal Year 2014



Expenses for Fiscal Year 2014



The total cost of all programs and services was $83,519,517. Instruction comprised 61.2% of district expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service income exceeded expenses by $77,964.
- Charges for services, which are the amounts paid by patrons for daily food services, represent $1,624,960 of total revenue.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were $447,813.

Governmental Activities

The Statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Cost of Services

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Instruction	$ 51,130,539	$ 45,761,475	$ 53,351,531	$ 47,428,908
Support Services:				
Pupils and Instructional Staff	8,208,796	7,695,066	7,892,841	7,314,701
General Administration, School Administration, and Central Srvcs	5,705,982	4,982,842	5,765,082	4,968,982
Operations and Maint. Of Facilities	9,433,435	8,774,775	7,939,864	7,294,524
Pupil Transportation	7,133,698	6,635,618	6,540,131	6,008,561
Interest on debt	1,907,067	1,773,917	2,289,266	2,103,196
Total Expenses	$ 83,519,517	$ 75,623,693	$ 83,778,715	$ 75,118,872

- Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.
- Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.
- 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 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 District debt.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $84,666,308 and expenditures were $84,741,456. The net negative changes in fund balances for the year were in the general fund, which showed a decrease of $74,883, the capital projects fund, which showed an increase of $27 and the debt service fund, which showed a decrease of $292. The most significant change was in the general fund, which is due to the increased costs of salaries and benefits as well as an increase in building maintenance. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Table 4
Revenues for the Fiscal Year Ended June 30,

	2014 Amount	2013 Amount	Percent Change
Property taxes	$ 56,038,070	$ 54,939,295	2.00%
Tuition	384,137	215,398	78.34%
Interest earnings	2,277	2,419	-5.87%
Miscellaneous	372,775	543,908	-31.46%
State sources	26,283,087	27,211,235	-3.41%
Federal sources	1,585,962	1,576,166	0.62%
Total	$ 84,666,308	$ 84,488,421	0.21%

Revenues were up $177,887 or .21% over the prior year. Although tuition revenue increased significantly, other revenues decreased. Interest earnings continue to decrease due to lowered interest rates because of current economic conditions.

Table 5
Expenditures for the Fiscal Year Ended June 30,

	2014 Amount	2013 Amount	Percent Change
Salaries and wages	$ 46,313,475	$ 44,868,816	3.22%
Benefits	20,164,275	20,654,691	-2.37%
Purchased services	7,665,191	7,118,753	7.68%
Supplies and other	5,126,738	4,108,206	24.79%
Capital outlay	1,509,705	5,961,994	-74.68%
Debt service	3,962,072	3,947,428	0.37%
Total	$ 84,741,456	$ 86,659,888	-2.21%

Expenditures were down $1,918,432 or 2.21% less than the prior year. The overall decrease is due to major projects being completed in the 2012-2013 school year.

Fund balance is an integral part of the district financial position. The unreserved and undesignated fund balances in the general fund for the past six years are as follows:

Fund Balance

School Year	GAAP	Budgetary Basis
07-08	511,166	1,420,992
08-09	(424,907)	372,805
09-10	(563,211)	1,571,181
10-11	(91,073)	1,672,188
11-12	(35,804)	1,881,637
12-13	(260,329)	1,690,110
13-14	(201,884)	1,745,198

In 2003, P.L. 2003, c.97 provided that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides the legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, Governmental Accounting Standards requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes the liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the District cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable.

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the general fund.

During the course of the fiscal year 2014, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. The following explains the reasons for significant budget transfers:

- ✓ The district received $252,967 in extraordinary aid for special education costs that were not budgeted. The district is eligible to receive additional funding for each special education student whose program costs exceed $40,000. However, the state does not have adequate funding for these students and prorates the amount given to districts based on the applications received for this aid and the total amount allocated.
- ✓ TPAF, which is the state's contribution to the pension fund, is an "on-behalf" revenue and expenditure item to the District and is required to be reflected in the financial statements.
- ✓ Legal services for employee litigation and special education cases.
- ✓ Changes in Charter School enrollment. The District pays the Charter Schools for students who reside in our district but are enrolled in their schools.
- ✓ Increases in transportation contract repair services.
- ✓ Additional students sent out of district.

Capital Assets

At the end of the fiscal year 2014, the school district had $980,745,156 invested in land, buildings and improvements and machinery and equipment. Table 7 shows fiscal 2014 balances compared to 2013.

Table 7
Capital Assets (Net of Depreciation) at June 30,

School Year	2014	2013
Land	$ 9,747,190	$ 9,747,190
Construction in progress	601,290	4,715,199
Building and improvements	85,728,014	83,186,761
Machinery and equipment	2,668,662	3,077,488
Totals	$ 98,745,156	$ 100,726,638

Overall, the capital assets decreased $1,981,482 from fiscal year 2013 to fiscal year 2014. This decrease in Net Position is due to the depreciation on the completed construction projects. For more detailed information, please refer to Note 6 in the Notes to the Basic Financial Statements.

Debt Administration

As of June 30, 2014 the District had $47,070,022 of outstanding debt. Of this amount, $2,123,240 is for compensated absences, $1,026,782 for bus and equipment leases, and the balance of $43,920,000 for bonds for school construction.

At June 30, 2011, the District's overall legal debt limit was $200,452,819 and the unvoted debt margin was $150,147,818. For more detailed information, please refer to Note 7 in the Notes to the Basic Financial Statements. Following is a listing of all bond issues for which the District is currently paying debt service.

	Date of Issue	Amount of Issue	Remaining
General Obligation Bonds - 2003	12/15/03	34,500,000	-
General Obligation Bonds - 2004	10/15/04	18,995,000	11,915,000
General Obligation Bonds - 2006	10/01/06	9,695,000	9,550,000
General Obligation Bonds - 2007	01/05/07	9,795,000	9,615,000
General Obligation Bonds - 2012	01/31/12	12,840,000	12,840,000
			$ 43,920,000

For the Future

- It is the opinion of the Superintendent and Business Administrator that while the Manalapan-Englishtown Regional School District has historically maintained a strong financial position we will be facing a more difficult financial situation due to the state's inability to fund the current school funding formula. The District is proud of the community's support of its public schools.

- Key areas of concern are the decreased state funding, the new funding formula for schools that was enacted in January 2008 and the continued necessary increased reliance on local property taxes. Manalapan-Englishtown Regional is primarily a residential community with very few commercial ratables; thus the burden is focused on homeowners to bear the tax burden.

- With the continued concern over property taxes it is important to highlight the areas of either shared services or buying cooperatives in an effort to reduce expenses. These areas include utilizing Educational Data Services, Middlesex Regional Educational Services Commission, Monmouth Ocean Educational Services Commission, and many other Co-Op's for the purchase of classroom supplies, art supplies, maintenance supplies, copy paper, and other services. The District is exploring opportunities for future purchases jointly with other districts within the Freehold Regional area.

- In conclusion, the Manalapan-Englishtown Regional Public School District has committed itself to financial excellence for many years. In addition, the District's system for financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management practices 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, contact Veronica Wolf, School Business Administrator/Board Secretary, Manalapan-Englishtown Regional Board of Education, 54 Main Street, Englishtown, NJ 07746 or e-mail vwolf@mers.k12.nj.us.

BASIC FINANCIAL STATEMENTS

Exhibit A-1

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 11,917,836	$ 396,291	$ 12,314,127
Receivables, net	22,344	2,812	25,156
Receivables - state	565,911	5,551	571,462
Receivables - other governments	345,072	71,070	416,142
Interfund receivable	57	7,762	7,819
Inventory	-	23,819	23,819
Prepaid bond interest	-	-	-
Bond defeasance cost	-	-	-
Capital assets, non-depreciable	10,348,480	-	10,348,480
Capital assets, depreciable, net:	88,396,676	254,423	88,651,099
Total assets	111,596,376	761,728	112,358,104
DEFERRED OUTFLOWS			
Deferred bond issuance costs, net	243,561	-	243,561
Total deferred outflows	243,561	-	243,561
LIABILITIES			
Accounts payable	1,212,709	153,131	1,365,840
Accrued bond interest	362,253	-	362,253
Other current liabilities	1,314,971	-	1,314,971
Unearned revenue	138,828	25,085	163,913
Noncurrent liabilities:			
Due within one year	2,454,878	-	2,454,878
Due beyond one year	44,615,144	-	44,615,144
Total liabilities	50,098,783	178,216	50,276,999
NET POSITION			
Net investment in capital assets	43,331,202	254,423	43,585,625
Restricted for:			
Debt service	76	-	76
Capital projects	120,193	-	120,193
Other purposes	10,266,327	-	10,266,327
Unrestricted	8,023,356	329,089	8,352,445
Total net position	$ 61,741,154	$ 583,512	$ 62,324,666

See accompanying notes to financial statements.

Exhibit A-2

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
Current:							
Regular instruction	$ 35,386,200	$ 384,137	$ 2,767,733	$ -	$ (32,234,330)	$ -	$ (32,234,330)
Special schools instruction	12,808,903	-	2,004,634	-	(10,804,269)	-	(10,804,269)
Other special instruction	2,927,826	-	204,420	-	(2,723,406)		(2,723,406)
Nonpublic school programs	7,610	-	8,140	-	530		530
Support services and undistributed costs:							
Tuition	851,059	-	-	-	(851,059)		(851,059)
Student & instruction related services	7,357,737	-	513,730	-	(6,844,007)	-	(6,844,007)
General administration	1,059,447	-	398,710	-	(660,737)	-	(660,737)
School administrative services	3,061,874	-	213,780	-	(2,848,094)	-	(2,848,094)
Central services	1,173,521	-	81,940	-	(1,091,581)	-	(1,091,581)
Administrative information technology	411,140	-	28,710	-	(382,430)	-	(382,430)
Plant operations & maintenance	9,433,435	-	658,660	-	(8,774,775)	-	(8,774,775)
Pupil transportation	7,133,698	-	498,080	-	(6,635,618)	-	(6,635,618)
Interest on long-term debt	1,907,067	-	133,150	-	(1,773,917)	-	(1,773,917)
Total governmental activities	83,519,517	384,137	7,511,687	-	(75,623,693)	-	(75,623,693)
Business-type activities:							
Food service	1,994,809	1,624,960	447,780	-	-	77,931	77,931
Total business-type activities	1,994,809	1,624,960	447,780	-	-	77,931	77,931
Total primary government	$ 85,514,326	$ 2,009,097	$ 7,959,467	$ -	$ (75,623,693)	$ 77,931	$ (75,545,762)
General revenues:							
Taxes:							
Property taxes levied for general purpose					52,583,623	-	52,583,623
Taxes levied for debt service					3,454,447	-	3,454,447
Federal and state aid - not restricted					19,982,176	-	19,982,176
Federal and State aid - restricted					529,146	-	529,146
Miscellaneous income					268,022	-	268,022
Investment earnings					2,277	33	2,310
Total general revenues, special items, extraordinary items and transfers					76,819,691	33	76,819,724
Change in net position					1,195,998	77,964	1,273,962
Net position—beginning					60,545,156	505,548	61,050,704
Net position—ending					$ 61,741,154	$ 583,512	$ 62,324,666

See accompanying notes to financial statements.

Exhibit B-1

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 6,955,397	$ -	$ -	$ 76	$ 6,955,473
Receivables, net	690	21,654	-	-	22,344
Due from other funds	120,145	-	-	-	120,145
Receivables from other governments	443,674	345,072	122,237	-	910,983
Restricted cash and cash equivalents	4,962,363	-	-	-	4,962,363
Total assets	$ 12,482,269	$ 366,726	$ 122,237	$ 76	$ 12,971,308
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,116,393	96,316	-	-	1,212,709
Interfund payable	-	118,044	2,044	-	120,088
Payable to state government	-	61,418	-	-	61,418
Deferred revenue	47,880	90,948	-	-	138,828
Other current liabilities	1,253,553	-	-	-	1,253,553
Total liabilities	2,417,826	366,726	2,044	-	2,786,596
Fund Balances:					
Restricted for:					
Excess surplus	1,972,162	-	-	-	1,972,162
Excess surplus -- designated for Subsequent year's expenditures	751,052	-	-	-	751,052
Maintenance reserve account	2,868,000	-	-	-	2,868,000
Capital reserve account	2,094,363	-	-	-	2,094,363
Debt service fund	-	-	-	76	76
Capital Projects	-	-	120,193	-	120,193
Committed to:					
Other purposes	1,682,804	-	-	-	1,682,804
Assigned to:					
Designated by the BOE for subsequent year's expenditures	897,946	-	-	-	897,946
Unassigned, reported in:					
General fund	(201,884)	-	-	-	(201,884)
Total Fund balances	10,064,443	-	120,193	76	10,184,712
Total liabilities and fund balances	$ 12,482,269	$ 366,726	$ 122,237	$ 76	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are 142,629,028 and the accumulated depreciation is $43,883,872.	98,745,156
The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. The bond issuance costs are $705,257 and the accumulated amortization is $461,696.	243,561
Accrued bond interest	(362,253)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(47,070,022)
Net position of governmental activities	$ 61,741,154

See accompanying notes to financial statements.

Exhibit B-2

MANALAPAN-ENGLISHTOWN REGIONAL 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 Funds
REVENUES					
Local sources:					
Local tax levy	$ 52,583,623	$ -	$ -	$ 3,454,447	$ 56,038,070
Tuition charges	384,137	-	-	-	384,137
Interest on investments	1,360	-	27	-	1,387
Interest earned on capital reserve funds	890	-	-	-	890
Miscellaneous	218,815	153,960	-	-	372,775
Total - Local Sources	53,188,825	153,960	27	3,454,447	56,797,259
State sources	25,754,200	21,554	-	507,333	26,283,087
Federal sources	21,813	1,564,149	-	-	1,585,962
Total revenues	78,964,838	1,739,663	27	3,961,780	84,666,308
EXPENDITURES					
Current:					
Regular instruction	25,258,441	297,018	-	-	25,555,459
Special education instruction	8,832,367	1,110,295	-	-	9,942,662
Other special instruction	2,187,052	-	-	-	2,187,052
Nonpublic school programs	-	7,610	-	-	7,610
Tuition	851,059	-	-	-	851,059
Student & instruction related services	7,148,505	-	-	-	7,148,505
General administration	740,027	317,920	-	-	1,057,947
School administrative services	3,042,105	-	-	-	3,042,105
Central services	1,173,521	-	-	-	1,173,521
Administrative information technology	411,140	-	-	-	411,140
Plant operations & maintenance	8,627,838	-	-	-	8,627,838
Pupil transportation	6,918,548	-	-	-	6,918,548
Employee benefits	12,346,233	-	-	-	12,346,233
Debt service:					
Principal	-	-	-	2,015,000	2,015,000
Interest and other charges	-	-	-	1,947,072	1,947,072
Capital outlay	1,502,885	6,820	-	-	1,509,705
Total expenditures	79,039,721	1,739,663	-	3,962,072	84,741,456
Excess (Deficiency) of revenues over expenditures	(74,883)	-	27	(292)	(75,148)
OTHER FINANCING SOURCES (USES)					
Capital leases	98,320	-	-	-	98,320
Transfer in	-	-	-	27	27
Transfers out	-	-	(27)	-	(27)
Total other financing sources and uses	98,320	-	(27)	27	98,320
Net change in fund balances	23,437	-	-	(265)	23,172
Fund balance—July 1	10,041,006	-	120,193	341	10,161,540
Fund balance—June 30	$ 10,064,443	$ -	$ 120,193	$ 76	$ 10,184,712

See accompanying notes to financial statements.

Exhibit B-3

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Total net change in fund balances - governmental funds (from B-2)		**$**	**23,172**
Amounts reported for governmental activities in the statement of activities (A-2) are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.			
Depreciation expense	2,887,465		
Capital outlays	(918,863)		(1,968,602)
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.			
Accumulated depreciation on capital assets sold or retired during the fiscal year ended June 30, 2014	(237,107)		
Cost basis of capital assets sold or retired during the fiscal year ended June 30, 2014	299,194		(62,087)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.			2,015,000
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 change in accrued interest is an addition to the reconciliation.			10,858
In the Statement of Activities, the amortization of bond issuance costs is recorded as interest expense . In the governmental funds, the amortization is not recorded.			(23,518)
In the Statement of Activities, the amortization of prepaid bond interest is recorded as interest expense . In the governmental funds, the amortization is not recorded.			(277,803)
In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability. In the governmental funds, the payments is an expenditure. (Amount is net of payments included in capital outlay)			232,148
In the statement of activities, the fair market value of donated capital assets should be recognized as revenue in the period when all eligibility requirements are met (typically in the period when ownership is transferred). In the Governmental Funds, however, the fair market value of these donated assets are not reported as an increase in financial resources.			49,207
In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) 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, essentially, the amounts actually 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.			1,197,623
Change in net position of governmental activities		**$**	**1,195,998**

See accompanying notes to financial statements.

Exhibit B-4

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type-activities-Enterprise Funds Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	$ 396,291
Accounts receivable	76,621
Other receivables	2,812
Prepaid expense	7,762
Inventories	23,819
Total current assets	507,305
Noncurrent assets:	
Building improvements	192,533
Furniture, machinery & equipment	1,333,668
Less accumulated depreciation	(1,271,778)
Total noncurrent assets	254,423
Total assets	$ 761,728
LIABILITIES	
Current liabilities:	
Accounts payable	$ 153,131
Unearned revenue	25,085
Total current liabilities	178,216
NET POSITION	
Invested in capital assets net of related debt	254,423
Unrestricted	329,089
Total net position	583,512
Total liabilities and net position	$ 761,728

Exhibit B-5

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	$ 937,579
Daily sales - non-reimbursable programs	675,249
Special functions	12,132
Total operating revenues	1,624,960
Operating expenses:	
Cost of sales	981,649
Salaries	552,095
Employee benefits	211,463
Other purchased professional services	137,965
Cleaning, repair and maintenance services	30,305
General supplies	37,118
Depreciation	44,214
Total Operating Expenses	1,994,809
Operating income (loss)	(369,849)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	21,068
Federal sources:	
National school lunch program	319,019
Special milk program	2,548
Food distribution program	105,145
Interest and investment revenue	33
Total nonoperating revenues (expenses)	447,813
Change in net position	77,964
Total net position—beginning	505,548
Total net position—ending	$ 583,512

Exhibit B-6

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Food Services Enterprise Fund
Statement of Cash Flows
for the Fiscal Year ended June 30, 2014

		Food Service
Cash Flows from Operating Activities:		
Receipts from customers and other funds	$	1,580,448
Payments to employees		(552,095)
Payments for employee benefits		(211,463)
Payments to suppliers		(1,137,687)
Net cash used for operating activities		(320,797)
Cash Flows from Noncapital Financing Activities		
State sources		21,068
Federal sources		321,567
Net cash provided by noncapital financing activities		342,635
Cash Flows from Capital and Related Financing Activities		
Purchases of fixed assets		-
Net cash used for capital and related financing activities		-
Cash Flows from Investing Activities		
Interest on investments		33
Net cash provided by investing activities		33
Net increase in cash and cash equivalents		21,871
Balances-beginning of the year		374,420
Balances-end of the year	$	396,291
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating loss	$	(369,849)
Adjustments to reconcile operating loss to cash used by operating activities:		
Depreciation		44,214
Federal commodities		105,145
Change in assets and liabilities:		
Decrease (increase) in interfund receivable		(167)
Increase in prepaid expense		(7,762)
Decrease (increase) in accounts receivable		(44,346)
Decrease (increase) in inventory		(1,513)
Increase (decrease) in accounts payable		(46,519)
Total adjustments		49,052
Net cash used by operating activities	$	(320,797)

Exhibit B-7

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2014

	Trust				Agency			
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trust Fund	Student Activity	Payroll	Flex Spending	Total Agency
ASSETS								
Cash and cash equivalents	$ 677,281	$ 3,983	$ 60,007	$ 741,271	$ 48,899	$ 398,326	$ 59,078	$ 506,303
Other Accounts Receivable	-	-	-	-	-	-	-	-
Interfund receivable	73,112	-	-	73,112	-	-	-	-
Total assets	750,393	3,983	60,007	814,383	$ 48,899	$ 398,326	$ 59,078	$ 506,303
LIABILITIES								
Accounts payable	11,118	-	-	11,118	-	287,644	-	287,644
Payroll deductions and withholdings	-	-	-	-	-	37,518	59,073	96,591
Payable to student groups	-	-	-	-	48,899	-	-	48,899
Intrafund payable	-	-	-	-	-	73,112	-	73,112
Other current liabilities	-	-	-	-	-	52	5	57
Total liabilities	$ 11,118	$ -	-	$ 11,118	$ 48,899	$ 398,326	$ 59,078	$ 506,303
NET POSITION								
Held in trust for unemployment claims and other purposes	739,275	-	60,007	799,282				
Reserved for scholarships	-	3,983	-	3,983				
Total net position	739,275	3,983	60,007	803,265				
	-	-		-				
Total liabilities and net position	$ 750,393	$ 3,983	$ 60,007	$ 814,383				

Exhibit B-8

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trusts
ADDITIONS				
Contributions:				
Plan member	$ 73,112	$ -	$ -	$ 73,112
Other	-	1,625	-	1,625
Total Contributions	73,112	1,625	-	74,737
Investment earnings:				
Net increase (decrease) in fair value of investments	-	-	-	-
Interest	70	-	6	76
Dividends	-	-	-	-
Less investment expense	-	-	-	-
Net investment earnings	70	-	6	76
Total additions	73,182	1,625	6	74,813
DEDUCTIONS				
Quarterly contribution reports	-	-	-	-
Unemployment claims	71,272	-	-	71,272
Scholarships awarded	-	1,226	-	1,226
Refunds of contributions	-	-	-	-
Administrative expenses	1,511	-	-	1,511
Total deductions	72,783	1,226	-	74,009
Change in net position	399	399	6	804
Net position—beginning of the year	738,876	3,584	60,001	742,460
Net position—end of the year	$ 739,275	$ 3,983	$ 60,007	803,265

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Manalapan-Englishtown Regional School District (District) is organized under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of 32 square miles. It is located in Monmouth County and provides education for all of Manalapan-Englishtown Regional's students in grades K through 8. The District currently operates eight instructional buildings, a transportation depot, buildings and grounds office, and an administrative building. The District services approximately 5,100 students and is one of the largest K through 8 Districts in Monmouth County.

A. Reporting Entity

The Board of Education (Board) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The operations of the District include an early learning center, five elementary schools and two middle schools located in Manalapan and Englishtown, New Jersey.

In evaluating how to define the governmental reporting entity, the District follows the Governmental Accounting Standards, under which the financial statements include all the organizations, activities, functions and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's Board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. On this basis, the District's financial reporting entity has no component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

District-wide Statements: The district-wide financial statements (A-1 and A-2) include the statement of net position and the statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All interfund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported through taxes and user fees, from business-type activities, generally financed in whole or in part with fees charged to external customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (continued)

The School District adopted the newly implemented Governmental Accounting Standard requiring the reporting of deferred outflows, deferred inflows, and net position. The term Net Assets will no longer be used and will be replaced with Net Position. The Statement of Net Position includes the reporting of assets, deferred outflows, liabilities and deferred inflows. The deferred outflows are reported under assets and deferred inflows are reported under liabilities on the Statement of Net Position. Items previously classified as assets and liabilities but not meeting that definition have then been reviewed for categorization as deferred outflows or deferred inflows. Items not classified as an asset, deferred outflows, liability or deferred inflows have been charged to the Statement of Activities in the current year.

The School District did have items that needed to be reviewed for proper classification on the Statement of Net Position. The District has Bond Costs which were being amortized. Following these new guidelines the Bond Costs have been classified as a Deferred Outflow.

GASB to be Implemented in the 2015 Fiscal Year: In June, 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27("GASB No. 68). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The requirements of this Statement are effective for financial statements for periods ending on or after June 30, 2015. the district has not completed the process of evaluating the impact that will result from adopting GASB No. 68.

The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year–end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (continued)

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide detail of the governmental, proprietary and fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with Governmental Accounting Standards. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The general fund is the general operating fund of the District. It 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 non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes in this fund budgeted Capital Outlay. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (continued)

The District reports the following proprietary fund:

Enterprise Fund: The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be 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.

Depreciation of all capital 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	5-20 Years

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Private Purpose Trust Funds.

B. Basis of Accounting

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

District-wide, proprietary, and fiduciary fund financial statements: The district-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The tax revenues are recognized in the year for which they are levied (see Note 2.c.). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all requirements have been satisfied.

Governmental fund financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Property Taxes

Ad Valorem (Property) Taxes are susceptible to accrual as per New Jersey State Statute whereby a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. On Tuesday, January 17, 2012, Governor Christie signed into law A-4394/S-3148 (P.L. 2011, chapter 202), which established procedures for moving the date of a school district's annual school election from April to the General Election in November. Districts that choose to elect their school board members in November no longer have to submit their budgets for voter approval as long as it does not exceed the levy cap. Budgets that are in excess of the cap would still require voter approval. Once a school election is moved to November, no action can be taken (either by petition or resolution) to move the election back to April for four (4) years. Special Elections are still permitted in January, March, September and December should the need arise.

On Tuesday, January 17, 2012, the Manalapan-Englishtown Regional Board of Education passed a resolution moving the annual school board election to the General Election in November and effectively eliminated the requirement for voter approval of the district school budget as long as it does not exceed the levy cap. This election shall remain in effect for a minimum of four (4) years.

The 2014-15 budget was approved by the county on April 8, 2014. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6a:23-1.2.

All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2014.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred 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. Cash, 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. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

G. Interfund Activity

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

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

H. Allowances for Uncollectible Accounts

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

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.

Inventories in the enterprise funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is $2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

Asset Class	Estimated Useful Lives
School Building	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & computer equipment	5-10
Instructional equipment	10
Grounds equipment	15

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

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Unearned Revenue

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Liabilities and Long-Term Obligations

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

N. Net Position

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

O. Fund Balance Reserves

The Governmental Accounting Standards established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2) Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3) Committed – includes amounts that can be spent only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5) Unassigned – includes all spendable amounts not contained in the other classifications.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Revenues – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

Q. Operating Revenues and Expenses

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

R. Management Estimates

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

S. Allocation of Indirect Expense

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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.

N.J.S.A. 17:9-41 et. 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 GUDPA. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having 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.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits:

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

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

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

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

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000. The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which a government's deposits and investments are exposed to custodial credit risk. Pursuant to Governmental Accounting Standards, the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. As of June 30, 2014, all of the District's deposits, except as noted below, were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

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

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

As of June 30, 2014, the carrying amount of the District's deposits for all funds was $13,561,701 and the bank balance was $14,175,730. All bank deposits, as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA.

Investments:

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

a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives that have a maturity date not greater than twelve months from the date of purchase.
c. Bonds or other obligations of the school district.
b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives that have a maturity date not greater than twelve months from the date of purchase.
c. Bonds or other obligations of the school district.

As of June 30, 2014, the District's Cash and Cash Equivalents consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	11,467,138
Capital Reserve	2,094,363
Change Funds	200
Totals	13,561,701

The fiduciary funds had a balance of $1,247,574 at June 30, 2014.

Custodial Credit Risk: Pursuant to Governmental Accounting Standards, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. The District does not have a policy for custodial credit risk other than depositing all of its funds in banks covered by GUDPA.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. Governmental Accounting Standards require that disclosure be made as to the credit rating of all debt security investments except for obligations of U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District's sole investment, the NJCMF, is less than one year.

4. RESTRICTED CASH RESERVES

A. Capital Reserve Account

A capital reserve account was established by the District during fiscal year 2001-2002 in which it deposited $100,000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's Long Range Facilities Plan, ("LRFP"). Upon submission of the LRFP to the department, a district may deposit funds by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.12(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	$3,362,811
Interest earnings	890
FY 2013-2014 Budgeted withdrawal	2,061,675
Funds unused at June 30, 2014	488,853
Deposit - June 30, 2014	303,484
Ending balance, June 30, 2014	$2,094,363

The June 30, 2009 LRFP balance of local support costs of uncompleted capital projects is $3,978,750. There were no withdrawals from the capital reserve for DOE approved facilities projects.

B. Maintenance Reserve

A maintenance reserve account was established by the District during fiscal year 2007-2008 in which it deposited $484,791 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The District approved a transfer in June 2009 to the maintenance reserve in the amount of $600,000. The District withdrew $484,791 during the 2009-2010 school year for required maintenance projects. The District approved a transfer in June 2010 to the maintenance reserve in the amount of $500,000. The District withdrew $600,000 during the 2010-2011 school year for required maintenance projects. The District approved a transfer in June 2011 to the maintenance reserve in the amount of $1,100,000. The District withdrew $500,000 during the 2011-2012 school year for required maintenance projects. The District approved a transfer in June 2012 to the maintenance reserve in the amount of $1,400,000. The District withdrew $500,000 during the 2012-2013 school year for required maintenance projects. The District approved a transfer in June 2013 to the maintenance reserve in the amount of $800,000. The District withdrew $935,000 during the 2013-2014 school year for required maintenance projects.

B. Maintenance Reserve (continued)

Funds placed in the Maintenance Reserve Account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP). Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2014.

The District approved a transfer in June 2014 to the maintenance reserve in the amount of $1,003,000. The balance in the maintenance reserve at June 30, 2014 is $2,868,000.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	$ 2,800,000
Interest earnings	0
Deposits	68,000
Withdrawals	(0)
Ending balance, June 30, 2014	$ 2,868,000

5. RECEIVABLES

Receivables at June 30, 2014, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of governmental receivables follows:

	Governmental Fund Financial Statements	District-Wide financial Statements
State Aid	$ 565,911	$ 571,462
Federal Aid	345,072	416,142
Interfunds	120,145	7,819
Other	22,344	25,156
Gross Receivables	1,053,472	1,020,579
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	1,053,472	1,020,579

6. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2014:

	Balance 6/30/2013	Transfers/ Additions	Transfers/ Retirements	Balance 6/30/2014
Governmental Activities:				
Capital assets not being depreciated				
Land and land improvements	$ 9,747,190	$ -	$ -	$ 9,747,190
Construction in progress	4,715,198	412,806	(4,526,714)	601,290
Total capital assets not being depreciated	14,462,388	412,806	(4,526,714)	10,348,480
Capital assets being depreciated				
Building and building imprvmts	114,337,238	4,535,715	-	118,872,953
Machinery & equipment	13,160,525	546,264	(299,194)	13,407,595
Totals at historical cost	127,497,763	5,081,979	(299,194)	132,280,548
Less accumulated depreciation for:				
Building and bldg & land imprvmts	(31,150,477)	(1,994,462)	-	(33,144,939)
Machinery & equipment	(10,083,037)	(893,003)	237,107	(10,738,933)
Total accumulated depreciation	(41,233,514)	(2,887,465)	237,107	(43,883,872)
Total capital assets being depreciated, net of accumulated depreciation	86,264,249	2,194,514	(62,087)	88,396,676
Governmental activity capital assets, net	$ 100,726,637	$ 2,607,320	$ (4,588,801)	$ 98,745,156
Business-type Activities:				
Capital assets being depreciated				
Building improvements	$ 192,533	$ -	$ -	$ 192,533
Machinery & equipment	1,333,668	-	-	1,333,668
Totals at historical cost	1,526,201	-	-	1,526,201
Less accumulated depreciation for:				
Building improvements	(112,461)	(9,627)	-	(122,088)
Machinery & equipment	(1,115,104)	(34,586)	-	(1,149,690)
Total accumulated depreciation	(1,227,565)	(44,213)	-	(1,271,778)
Enterprise fund capital assets, net	$ 298,636	$ (44,213)	$ -	$ 254,423

6. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Regular instruction	$	2,139,076
Special instruction		150,070
Student & instruction services		209,232
General administration		1,500
School administration		19,769
Plant operations & maintenance		152,668
Student transportation		215,150
Total depreciation expense	$	2,887,465

7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2014 the following changes occurred in the non-current liabilities:

	Balance 6/30/2013	Increase	Decrease	Balance 6/30/2014	Due Within One Year
Bonds Payable	$ 45,935,000	$ -	$ 2,015,000	$ 43,920,000	$ 2,065,000
Obligations under capital leases	1,259,099	98,320	330,637	1,026,782	331,910
Compensated absences payable	3,320,863	115,230	1,312,853	2,123,240	57,968
	$ 50,514,962	$ 213,550	$ 3,658,490	$ 47,070,022	$ 2,454,878

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

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

Year ending June 30,	Principal	Interest	Total
2015	2,065,000	1,876,734	3,941,734
2016	2,125,000	1,801,631	3,926,631
2017	2,220,000	1,706,894	3,926,894
2018	2,330,000	1,600,403	3,930,403
2019	2,450,000	1,485,006	3,935,006
2020-2024	14,205,000	5,472,819	19,677,819
2025-2029	18,525,000	1,960,675	20,485,675
	$ 43,920,000	$ 15,904,162	$ 59,824,162

B. Bonds Authorized But Not Issued

As of June 30, 2014 the District had no authorized nor issued bonds.

7. LONG-TERM LIABILITIES (continued)

C. Capital Leases:

The District is leasing buses, equipment and a roof lease/purchase totaling $1,670,135, with a net book value of $643,353 under capital leases. All capital leases are for terms of two to five years. The following is a schedule of the future minimum leases payments under capital leases and the present value of the net minimum leases payments as of June 30, 2014:

	Fiscal Year Ended Jund 30,	Amount of Lease
	2015	347,131
	2016	345,288
	2017	343,408
	2018	20,610
Total of Minimum Lease Payments		$ 1,056,437
Less: amount representing interest		29,655
Present value of net minimum lease pmts		$ 1,026,782

8. PENSION PLANS

Description of Systems:

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan.

8. PENSION PLANS (CONTINUED)

Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/14	$1,230,074	100%	$ 0
6/30/13	1,189,095	100	0
6/30/12	1,243,731	100	0

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/14	$3,436,879	100%	$ 0
6/30/13	4,366,574	100	0
6/30/12	3,079,216	100	0

8. PENSION PLANS (CONTINUED)

During the fiscal year ended June 30, 2014, the State of New Jersey contributed $3,436,879 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $2,335,145 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements as a revenue and expenditure in accordance with Governmental Accounting Standards.

9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits of those State employees who retire after reaching age 60 and accumulating 25 years of credited service. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits thru 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

Chapter 62, P.L. 1994. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

10. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards.

District employees are granted varying amounts of sick leave in accordance with the districts personnel policy. Unused sick leave may be accumulated and carried forward to the subsequent years. Upon separation the District shall pay the employee for unused sick leave in accordance with the Districts' agreements with the various employees. Vacation days not used during the year may only be carried forward with approval from the Superintendent.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

11. DEFERRED COMPENSATION

The Board offers its employees a choice of various 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:

Lincoln Investment Planning, Inc.
Equitable

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, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from prior year and no settlements have exceeded insurance coverage's over the past three years.

12. RISK MANAGEMENT

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2013-2014	$ 70	$ 73,112	$ 71,272	$ 739,275
2012-2013	100,058	76,287	82,684	738,876
2011-2012	100,206	73,554	171,132	646,706

13. INTERFUND BALANCES AND ACTIVITY

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

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 120,145	$ -
Special Revenue Fund	-	118,044
Capital Projects Fund	-	2,044
Debt Service Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	-	57
	$ 120,145	$ 120,145

The General Fund had to fund Special Revenue and Debt Service Funds for shortages due to the delay in the District receiving State aid funds. All interfund balances are expected to be repaid within one year.

14. INVENTORY

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

Food	$ 15,598
Supplies	6,495
Commodities	1,726
	$ 23,819

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

15. CONTINGENT LIABILITIES

Grant Programs

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

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

16. FUND BALANCES

General Fund – Of the $10,064,443 General Fund balance at June 30, 2014, $1,682,804 of encumbrances is committed to other purposes, $1,972,162 is restricted for excess surplus, $751,052 is restricted for excess surplus designated for subsequent year's expenditures, $897,946 is assigned to offset 2014-15 general fund expenditures, $2,094,363 is restricted for capital reserve, $2,868,000 is restricted for maintenance reserve, and $(201,884) is unreserved and undesignated.

17. DEFICIT FUND BALANCES

The District has a deficit fund balance of $201,884 in the General Fund as of June 30, 2014 as reported in the fund statements. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, Governmental Accounting Standards require that recognition revenue, expenditure, asset, liability should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district can not recognize the June state aid payments (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in June payments of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of $201,884 is less than the two state aid payments.

18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is $1,972,162.

19. UNCERTAIN TAX POSITIONS

The school district had no unrecognized tax benefits at June 30, 2014. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2011.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 17, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

Exhibit C-1

MANALAPAN-ENGLISHTOWN REGIONAL 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	$ 52,583,623	$ -	$ 52,583,623	52,583,623	$ -
Tuition	38,000	210,000	248,000	384,137	136,137
Interest	-	-	-	1,360	1,360
Interest earned on capital reserve funds	-	-	-	890	890
Miscellaneous	450,836	-	450,836	218,815	(232,021)
Total - local sources	53,072,459	210,000	53,282,459	53,188,825	(93,634)
State sources:					
Equalization aid	12,610,419	-	12,610,419	12,610,419	-
Transportation aid	2,122,959	-	2,122,959	2,122,959	-
Special education aid	3,077,364	-	3,077,364	3,077,364	-
Security aid	403,710	-	403,710	403,710	-
Adjustment aid	1,476,768	-	1,476,768	1,476,768	-
Extraordinary aid	225,000	-	225,000	252,967	27,967
Other state aid	-	-	-	34,632	34,632
TPAF post retirement medical (on-behalf - Non-budgeted)	-	-	-	3,436,879	3,436,879
TPAF social security (reimbursed - Non-budgeted)	-	-	-	2,335,145	2,335,145
Total state sources	19,916,220	-	19,916,220	25,750,843	5,834,623
Federal Sources					
Medicaid Reimbursement	20,911	-	20,911	21,813	902
Total - Federal Sources	20,911	-	20,911	21,813	902
Total revenues	73,009,590	210,000	73,219,590	78,961,481	5,741,891
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of teachers	986,341	80,000	1,066,341	1,038,456	27,885
Grades 1-5 - Salaries of teachers	11,191,569	(659,650)	10,531,919	10,346,343	185,576
Grades 6-8 - Salaries of teachers	7,842,949	(70,500)	7,772,449	7,551,626	220,823
Regular Programs - Home Instruction:					
Salaries of teachers	40,000	13,000	53,000	49,677	3,323
Purchased professional-educational services	5,000	2,000	7,000	6,603	397
Regular Programs - Undistributed Instruction					
Other salaries for instruction	47,719	30,150	77,869	48,857	29,012
Purchased professional-educational services	6,400	(4,383)	2,017	2,017	-
Other purchased services (400-500 series)	377,100	(114,794)	262,306	205,148	57,158
General supplies	1,065,677	1,087,518	2,153,195	1,736,776	416,419
Textbooks	160,500	(30,845)	129,655	102,267	27,388
Other objects	60,100	(1,285)	58,815	14,815	44,000
TOTAL REGULAR PROGRAMS - INSTRUCTION	21,783,355	331,211	22,114,566	21,102,585	1,011,981
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	242,272	6,900	249,172	235,647	13,525
Other salaries for instruction	408,456	(25,600)	382,856	341,773	41,083
Other purchased services (400-500 series)	500	-	500	-	500
General supplies	5,000	-	5,000	3,628	1,372
Total Learning and/or Language Disabilities	656,228	(18,700)	637,528	581,048	56,480
Multiple Disabilities:					
Salaries of teachers	643,379	76,400	719,779	710,789	8,990
Other salaries for instruction	229,497	13,300	242,797	238,172	4,625
Purchased technical services	2,500	-	2,500	670	1,830
General supplies	12,250	(3,350)	8,900	4,275	4,625
Other objects	5,250	3,350	8,600	6,825	1,775
Total Multiple Disabilities	892,876	89,700	982,576	960,731	21,845
Resource Room/Resource Center:					
Salaries of teachers	4,711,827	17,900	4,729,727	4,702,671	27,056
Other salaries for instruction	459,849	(12,900)	446,949	442,510	4,439
General supplies	10,000	(6,000)	4,000	1,249	2,751
Textbooks	500	-	500	80	420
Total Resource Room/Resource Center	5,182,176	(1,000)	5,181,176	5,146,510	34,666
PSH					
Salaries of teachers	671,304	(78,500)	592,804	547,031	45,773
Other salaries for instruction	354,944	(13,000)	341,944	324,313	17,631
General supplies	3,000	-	3,000	2,886	114
Total PSH:	1,029,248	(91,500)	937,748	874,230	63,518

Exhibit C-1

MANALAPAN-ENGLISHTOWN REGIONAL 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
Home Instruction					
Salaries of teachers	$ 5,000	$ -	$ 5,000	-	$ 5,000
Total Home Instruction:	5,000	-	5,000	-	5,000
TOTAL SPECIAL EDUCATION - INSTRUCTION	7,765,528	(21,500)	7,744,028	7,562,519	181,509
Basic Skills/Remedial - Instruction					
Salaries of teachers	1,227,242	122,500	1,349,742	1,325,322	24,420
General supplies	3,500	9,403	12,903	11,872	1,031
Total Basic Skills/Remedial - Instruction	1,230,742	131,903	1,362,645	1,337,194	25,451
Bilingual Education - Instruction					
Salaries of teachers	247,710	(500)	247,210	230,988	16,222
General supplies	2,000	1,230	3,230	2,997	233
Total Bilingual Education - Instruction	249,710	730	250,440	233,985	16,455
School-Spon. Cocurricular Actvts. - Instruction					
Salaries	123,000	20,000	143,000	135,242	7,758
Other purchased services (400-500 series)	8,600	1,317	9,917	8,960	957
Supplies and materials	4,000	-	4,000	2,883	1,117
Other objects	7,500	(1,317)	6,183	1,183	5,000
Total School-Spon. Cocurric. Actvts. - Instruction	143,100	20,000	163,100	148,268	14,832
School-Spon. Athletics - Instruction					
Salaries	102,500	-	102,500	94,411	8,089
Other purchased services (400-500 series)	12,000	-	12,000	8,617	3,383
Supplies and materials	13,500	4,000	17,500	15,804	1,696
Other objects	3,500	-	3,500	2,453	1,047
Total School-Spon. Athletics - Instruction	131,500	4,000	135,500	121,285	14,215
Total Instruction	31,303,935	466,344	31,770,279	30,505,836	1,264,443
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - Regular	81,373	(31,486)	49,887	49,841	46
Tuition to other LEAs within the state - Special	-	3,110	3,110	3,100	10
Tuition to CSSD & Regional Day Schools	310,483	(98,365)	212,118	211,896	222
Tuition to Private Schools for the Disabled - Within State	502,628	165,941	668,569	547,697	120,872
Tuition - Other	-	39,000	39,000	38,525	475
Total Undistributed Expenditures - Instruction:	894,484	78,200	972,684	851,059	121,625
Undist. Expend. - Health Services					
Salaries	717,842	54,595	772,437	748,246	24,191
Purchased professional and technical services	22,500	(1,450)	21,050	20,033	1,017
Other purchased services (400-500 series)	1,000	16,907	17,907	8,387	9,520
Supplies and materials	16,250	76	16,326	14,876	1,450
Total Undistributed Expenditures - Health Services	757,592	70,128	827,720	791,542	36,178
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries of other professional staff	1,329,862	(1,000)	1,328,862	1,282,362	46,500
Purchased professional - educational services	133,000	-	133,000	120,121	12,879
General supplies	4,500	-	4,500	1,688	2,812
Total Undist. Expend. - Speech, OT, PT & Related Services	1,467,362	(1,000)	1,466,362	1,404,171	62,191
Undist. Expend. - Other Supp. Services - Stud. - Extraord. Ser.					
Salaries	51,000	1,500	52,500	51,277	1,223
Other salaries for instruction	878,859	85,500	964,359	927,375	36,984
Purchased professional - educational services	180,000	-	180,000	133,739	46,261
Supplies and materials	15,000	(1,500)	13,500	13,359	141
Total Undist. Expend. - Other Supp. Serv. Stud. - Extraord. Ser.	1,124,859	85,500	1,210,359	1,125,750	84,609
Undist. Expend. - Guidance					
Salaries of other professional staff	801,896	-	801,896	775,314	26,582
Purchased professional - educational services	5,000	3,000	8,000	5,129	2,871
Other purchased services (400-500 series)	30,000	17,063	47,063	45,932	1,131
Supplies and materials	43,500	(5,366)	38,134	8,803	29,331
Total Undist. Expend. - Guidance	880,396	14,697	895,093	835,178	59,915
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	1,259,610	1,500	1,261,110	1,183,566	77,544
Salaries of secretarial and clerical assistants	122,653	4,500	127,153	120,579	6,574
Other purchased professional and technical services	28,000	10,000	38,000	2,269	35,731
Misc. purchased service	450	-	450	14	436
Supplies and materials	5,750	-	5,750	4,355	1,395
Other objects	500	-	500	425	75
Total Undist. Expend. - Child Study Teams	1,416,963	16,000	1,432,963	1,311,208	121,755
Undist. Expend. - Improvement of Instruction Services					
Salaries of supervisor of instruction	238,992	(9,200)	229,792	203,046	26,746
Salaries of other professional staff	143,271	(100)	143,171	130,527	12,644
Salaries of secretarial and clerical assist.	16,285	100	16,385	16,354	31
Other salaries	500	-	500	-	500
Other purchased services (400-500)	4,750	-	4,750	2,220	2,530
Supplies and materials	750	-	750	435	315
Other objects	2,500	-	2,500	1,929	571
Total Undist. Expend. - Improvement of Instruction Services	407,048	(9,200)	397,848	354,511	43,337

Exhibit C-1

MANALAPAN-ENGLISHTOWN REGIONAL 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
Undist. Expend. - Educational Media Services/School Library					
Salaries	$ 959,340	$ -	$ 959,340	939,370	$ 19,970
Supplies and materials	50,000	(1,386)	48,614	43,046	5,568
Other objects	11,500	1,000	12,500	12,301	199
Total Undist. Expend. - Ed. Media Services/School Library	1,020,840	(386)	1,020,454	994,717	25,737
Undist. Expend. - Instruction Staff Training Services					
Salaries of supervisors of instruction	226,195	36,950	263,145	253,908	9,237
Salaries of other professional staff	33,230	(125)	33,105	31,784	1,321
Salaries of secretarial & clerical assist.	24,425	125	24,550	24,532	18
Purchased professional - educational services	6,100	6,100	12,200	3,000	9,200
Other purchased services (400-500 series)	11,300	5,725	17,025	12,172	4,853
Supplies and materials	8,500	2,023	10,523	5,783	4,740
Other objects	300	150	450	249	201
Total Undist. Expend. - Instruction Staff Training Services	310,050	50,948	360,998	331,428	29,570
Undist. Expend. - Support Service - General Administration					
Salaries	233,645	-	233,645	226,992	6,653
Legal services	290,000	(89,788)	200,212	92,298	107,914
Audit fees	45,000	-	45,000	40,000	5,000
Architectural/Engineering Services	45,000	73,248	118,248	60,891	57,357
Other purchased professional services	51,000	-	51,000	35,700	15,300
Communications/Telephone	244,000	(23,817)	220,183	178,336	41,847
BOE Other Purchased Services	3,000	-	3,000	1,565	1,435
Misc purchased services (400-500 series)	86,940	2,800	89,740	65,892	23,848
General supplies	5,700	2,146	7,846	4,111	3,735
BOE In-House Training/Meeting Supplies	4,000	-	4,000	2,479	1,521
Miscellaneous expenditures	5,250	-	5,250	4,886	364
Membership Dues and Fees	28,000	-	28,000	26,877	1,123
Total Undist. Expend. - Support Service - Gen. Admin.	1,041,535	(35,411)	1,006,124	740,027	266,097
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	1,903,887	11,500	1,915,387	1,915,112	275
Salaries of other professional staff	235,840	-	235,840	235,838	2
Salaries of secretarial and clerical assistants	811,511	(14,000)	797,511	780,588	16,923
Other purchased services (400-500 series)	38,900	1,210	40,110	35,194	4,916
Supplies and materials	60,420	1,552	61,972	58,551	3,421
Other objects	20,800	(480)	20,320	16,822	3,498
Total Undist. Expend. - Support Service - School Admin.	3,071,358	(218)	3,071,140	3,042,105	29,035
Undist. Expend. - Support Service - Central Services					
Salaries	817,646	14,000	831,646	828,023	3,623
Purchased professional services	35,250	50,000	85,250	67,335	17,915
Purchased technical services	258,700	10,400	269,100	166,822	102,278
Miscellaneous purchased services	118,735	(14,000)	104,735	75,261	29,474
Supplies and materials	36,000	(5,490)	30,510	19,898	10,612
Other objects	18,040	-	18,040	16,182	1,858
Total Undist. Expend. - Support Service - Central Services	1,284,371	54,910	1,339,281	1,173,521	165,760
Undist. Expend. - Support Service - Admin. Information Tech.					
Salaries	180,360	-	180,360	178,132	2,228
Purchased technical services	192,800	20,426	213,226	199,741	13,485
Other purchased services	20,000	13,854	33,854	29,491	4,363
Supplies and materials	6,100	(2,324)	3,776	3,776	-
Other objects	1,300	(1,300)	-	-	-
Total Undist. Expend. - Support Service - Admin. Info. Tech.	400,560	30,656	431,216	411,140	20,076
Undist. Expend. - Required Maintenance for School Facilities					
Cleaning, repair and maintenance services	770,000	461,208	1,231,208	1,147,109	84,099
General supplies	160,000	13,410	173,410	142,595	30,815
Other objects	5,000	-	5,000	-	5,000
Total Undist. Expend. - Required Maint. for School Facilities	935,000	474,618	1,409,618	1,289,704	119,914
Undist. Expend. - Custodial services					
Salaries	3,345,405	(15,270)	3,330,135	3,294,625	35,510
Salaries of Non-instructional Aides	268,900	11,000	279,900	273,850	6,050
Purchased professional and technical services	10,000	29,000	39,000	8,397	30,603
Cleaning, repair and maintenance services	351,434	803,157	1,154,591	883,807	270,784
Other purchased property services	150,000	-	150,000	138,511	11,489
Insurance	356,594	36,150	392,744	389,481	3,263
Miscellaneous purchased services	1,000	2,100	3,100	691	2,409
General supplies	223,000	54,951	277,951	264,185	13,766
Energy - Natural gas	600,000	15,000	615,000	555,729	59,271
Energy - Electricity	1,250,000	(315,500)	934,500	827,125	107,375
Other objects	6,500	6,460	12,960	12,528	432
Total Undist. Expend. - Custodial Services	6,562,833	627,048	7,189,881	6,648,929	540,952

Exhibit C-1

MANALAPAN-ENGLISHTOWN REGIONAL 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
Undistributed Expenditures - Care and Upkeep of Grounds					
Salaries	$ 235,826	$ (4,000)	$ 231,826	224,882	$ 6,944
Cleaning, Repair, and Maintenance Services	140,000	157,190	297,190	286,116	11,074
General Supplies	80,000	(2,483)	77,517	71,044	6,473
Other Objects	2,000	-	2,000	906	1,094
Total Undistributed Expenditures - Care and Upkeep of Grounds	457,826	150,707	608,533	582,948	25,585
Undistributed Expenditures - Security					
Salaries	-	40,000	40,000	39,375	625
Purchased Professional & Technical Services	-	3,985	3,985	3,985	-
Cleaning, Repair, and Maintenance Services	100,000	(43,476)	56,524	54,936	1,588
General Supplies	10,000	1,663	11,663	6,868	4,795
Other Objects	10,000	1,739	11,739	1,093	10,646
Total Undistributed Expenditures - Security	120,000	3,911	123,911	106,257	17,654
Undist. Expend. - Student Transportation Services					
Salaries of Non-instructional Aides	418,792	5,700	424,492	404,568	19,924
Salaries for pupil transp.(between home and school) - Regular	1,757,827	285,000	2,042,827	2,017,673	25,154
Salaries for pupil transp.(between home and school) - Special	667,311	(215,200)	452,111	409,212	42,899
Salaries for pupil transp.(other than between home and school)	17,500	-	17,500	16,852	648
Social security contributions	220,000	-	220,000	212,533	7,467
Workers compensation	250,000	-	250,000	147,871	102,129
Health benefits	1,656,900	-	1,656,900	1,656,900	-
Other purchased professional and technical services	35,000	-	35,000	29,573	5,427
Cleaning, repair and maintenance services	85,000	-	85,000	52,901	32,099
Lease purchase payments - School buses	150,000	(12,336)	137,664	137,664	-
Contract services - Aid in Lieu of Payment for NP school students	140,000	(8,000)	132,000	123,902	8,098
Contract services (Between Home and School) - Joint agreements	100,000	(55,000)	45,000	43,859	1,141
Contract services (Sp Ed Stds) - Joint agreements	600,000	65,000	665,000	652,342	12,658
Contract services - (regular education students) - ESCs & CTSAs	-	115,000	115,000	98,339	16,661
Contract services - (special education students) - ESCs & CTSAs	-	-	-	-	-
Miscellaneous purchased services - Transportation	89,373	(5,900)	83,473	83,435	38
Supplies and materials	15,000	(4,000)	11,000	10,870	130
Transportation Supplies	785,500	37,336	822,836	816,229	6,607
Miscellaneous expenditures	12,000	(100)	11,900	3,825	8,075
Total Undist. Expend. - Student Transportation Services	7,000,203	207,500	7,207,703	6,918,548	289,155
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance	2,500	2,050	4,550	4,285	265
Social security contributions	845,000	(10,700)	834,300	810,837	23,463
Other Retirement Contributions	1,671,454	(441,350)	1,230,104	1,230,074	30
Unemployment Compensation	195,000	-	195,000	-	195,000
Workmen's compensation	175,000	-	175,000	175,000	-
Health benefits	11,197,114	(95,715)	11,101,399	9,906,697	1,194,702
Tuition reimbursement	150,000	(10,255)	139,745	106,844	32,901
Other employee benefits	267,500	(50,000)	217,500	112,496	105,004
TOTAL UNALLOCATED EMPLOYEE BENEFITS	14,503,568	(605,970)	13,897,598	12,346,233	1,551,365
On-behalf TPAF post retirement med. contrib.(non-budgeted)	-	-	-	3,436,879	(3,436,879)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,335,145	(2,335,145)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	5,772,024	(5,772,024)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	14,503,568	(605,970)	13,897,598	18,118,257	(4,220,659)
TOTAL UNDISTRIBUTED EXPENDITURES	43,656,848	1,212,638	44,869,486	47,031,000	(2,161,514)
TOTAL GENERAL CURRENT EXPENSE	74,960,783	1,678,982	76,639,765	77,536,836	(897,071)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Grades 1-5	25,000	(13,000)	12,000	11,990	10
School - Sponsored and other instructional program	-	3,650	3,650	3,650	-
Undistributed:					
Undistributed expenditures - Central services	15,000	(15,000)	-	-	-
Undistributed expenditures - Admin Info Tech.	10,000	29,020	39,020	39,020	-
Undistributed expenditures - School administration	-	4,170	4,170	4,170	-
Undistributed expenditures - Operation & maint. of plant services	93,566	48,570	142,136	11,270	130,866
Undistributed expenditures - Student transp. - Non-inst. Serv.	-	288,354	288,354	288,354	-
School buses - Special	-	53,000	53,000	-	53,000
Undistributed expenditures - Non-instr. Serv.	10,000	18,125	28,125	11,125	17,000
Total Equipment	153,566	416,889	570,455	369,579	200,876

Exhibit C-1

MANALAPAN-ENGLISHTOWN REGIONAL 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
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	$ 96,675	$ 10,850	$ 107,525	26,599	$ 80,926
Construction Services	1,965,000	(10,914)	1,954,086	676,484	1,277,602
Lease Purchase Agreement - Principal	198,325	-	198,325	198,323	2
Other Objects	189,963	(56,383)	133,580	133,580	-
Total Facilities Acquisition and Construction Services	2,449,963	(56,447)	2,393,516	1,034,986	1,358,530
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures:					
School Administration	-	-	-	98,320	(98,320)
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	98,320	(98,320)
Capital reserve - Transfer to	-	-	-	-	-
TOTAL CAPITAL OUTLAY	2,603,529	360,442	2,963,971	1,502,885	1,461,086
TOTAL EXPENDITURES	77,564,312	2,039,424	79,603,736	79,039,721	564,015
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,554,722)	(1,829,424)	(6,384,146)	(78,240)	6,305,906
Other Financing Sources(Uses):					
Transfer in	-	-	-	-	-
Capital leases - Non-budgeted	-	-	-	98,320	98,320
Total Other Financing Sources:	-	-	-	98,320	98,320
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(4,554,722)	(1,829,424)	(6,384,146)	20,080	6,404,226
Fund Balance, July 1	11,991,445	-	11,991,445	11,991,445	-
Fund Balance, June 30	$ 7,436,723	$ (1,829,424)	$ 5,607,299	12,011,525	$ 6,404,226

Recapitulation:

Restricted Fund Balance:	
Capital reserve	2,094,363
Maintenance reserve	2,868,000
Excess surplus - current year	1,972,162
Excess surplus - designated for subsequent year's expenditures	751,052
Committed Fund Balance:	
Other purposes	-
Year-end encumbrances	1,682,804
Assigned Fund Balance:	
Designated for subsequent year's expenditures	897,946
Unassigned fund balance	$ 1,745,198

Reconciliation to governmental funds statements (GAAP)

Fund balance per governmental funds (Budgetary)	$ 12,011,525
Last state aid payment not recongized on GAAP basis	(1,947,082)
Fund balance per governmental funds (GAAP) - B-1	**10,064,443**
Restricted fund balances	10,266,327
Unrestricted fund balances	(201,884)
Fund balance per governmental funds (GAAP) - B-1	**$ 10,064,443**

Exhibit C-2

MANALAPAN-ENGLISHTOWN REGIONAL 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					
Local sources	$ -	$ 252,102	$ 252,102	$ 160,642	$ (91,460)
State sources	34,414	13,774	48,188	21,554	(26,634)
Federal sources	1,382,180	349,982	1,732,162	1,564,393	(167,769)
Total Revenues	1,416,594	615,858	2,032,452	1,746,589	(285,863)
EXPENDITURES					
Instruction:					
Salaries of teachers	241,335	77,562	318,897	311,797	7,100
Purchased professional services	20,000	34,751	54,751	47,395	7,356
Textbooks	6,063	848	6,911	4,107	2,804
Tuition	750,000	109,234	859,234	818,986	40,248
Miscellaneous expense	-	1,229	1,229	1,100	129
General supplies	73,085	242,338	315,423	229,177	86,246
Total instruction	1,090,483	465,962	1,556,445	1,412,562	143,883
Support services:					
Other professional staff salaries	116,000	28,458	144,458	103,890	40,568
Personal services - employee benefits	20,110	29,452	49,562	28,714	20,848
Purchased professional - educational services	113,501	19,625	133,126	74,262	58,864
Purchased technical services	59,310	21,171	80,481	71,132	9,349
Travel	850	16,311	17,161	16,298	863
Supplies & materials	16,340	18,369	34,709	32,911	1,798
Total support services	326,111	133,386	459,497	327,207	132,290
EXPENDITURES (CONT'D):					
Facilities acquisition and const. serv.:					
Instructional equipment	-	16,510	16,510	6,820	9,690
Total facilities acquisition and const. serv.	-	16,510	16,510	6,820	9,690
Total expenditures	1,416,594	615,858	2,032,452	1,746,589	285,863
Excess (deficiency) of revenues Over (under) expenditures	$ -	$ -	$ -	$ -	$ -

Exhibit C-3

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2014

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	**[C-1]**	$ 78,961,481	**[C-2]**	$ 1,746,589
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		(6,926)
The 2012-13 State aid payments are 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 expense.		1,950,439		-
The 2013-14 State aid payments are 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 expense.		(1,947,082)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	**[B-2]**	$ 78,964,838	**[B-2]**	$ 1,739,663
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	**[C-1]**	$ 79,039,721	**[C-2]**	$ 1,746,589
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.		-		(6,926)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	**[B-2]**	$ 79,039,721	**[B-2]**	$ 1,739,663

OTHER SUPPLEMENTARY INFORMATION

Exhibit E-1

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014

	Title I Part A 13/14	Title II Part A 13/14	Title II Part A 12/13	Title III 13/14	Title III 12/13	Title III Immigrant 13/14
Revenues:						
Local sources	$ -	$ -	$ -	$ -	$ -	$ -
State sources	-	-	-	-	-	-
Federal sources	149,370	89,193	7,596	14,246	4,928	6,784
Total revenues	149,370	89,193	7,596	14,246	4,928	6,784
Expenditures:						
Instruction:						
Salaries of teachers	125,458	-	-	69	-	-
Other salaries/instruction	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-
General supplies	-	-	-	7,162	4,689	6,784
Tuition	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-
Total instruction	125,458	-	-	7,231	4,689	6,784
Support services:						
Other support services - students - special:						
Other professional staff salaries	-	22,086	-	950	239	-
Secretarial/Clerical salaries	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-
Other purchased professional services	-	-	-	-	-	-
Purchased technical services	-	42,600	-	2,000	-	-
Employee benefits	23,912	-	-	-	-	-
Travel	-	7,346	7,596	856	-	-
Miscellaneous purchased services	-	-	-	-	-	-
General supplies	-	17,161	-	3,209	-	-
Purchased prof.-educ.services	-	-	-	-	-	-
Total other support services - students - special	23,912	89,193	7,596	7,015	239	-
Total support services	23,912	89,193	7,596	7,015	239	-
Equipment:						
Regular programs instruction	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-
Total equipment	-	-	-	-	-	-
Total expenditures	$ 149,370	$ 89,193	$ 7,596	$ 14,246	$ 4,928	$ 6,784

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014

(Continued from prior page)

	IDEA-Part B-Basic Reg Prog 13/14	IDEA-Part B-Basic Reg Prog 12/13	IDEA-Part B-Preschool Reg Prog 13/14	IDEA-Part B-Preschool Reg Prog 12/13	Chapter 192/193 Nonpublic Classification 13/14	Chapter 192/193 Nonpublic Speech 13/14	Chapter 192/193 Nonpublic Instruction 13/14
Revenues:							
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State sources	-	-	-	-	4,456	4,687	694
Federal sources	1,155,273	84,570	51,827	606	-	-	-
Total revenues	1,155,273	84,570	51,827	606	4,456	4,687	694
Expenditures:							
Instruction:							
Salaries of teachers	186,270	-	-	-	-	-	-
Other salaries/instruction	-	-	-	-	-	-	-
Purchased professional services	20,904	11,196	-	-	-	-	-
General supplies	52,933	20,612	-	-	-	-	-
Tuition	745,027	21,526	51,827	606	-	-	-
Textbooks	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-
Total instruction	1,005,134	53,334	51,827	606	-	-	-
Support services:							
Other support services - students - special:							
Other professional staff salaries	52,019	28,596	-	-	-	-	-
Secretarial/Clerical salaries	-	-	-	-	-	-	-
Purchased professional services	61,785	2,640	-	-	-	-	-
Other purchased professional services	-	-	-	-	-	-	-
Purchased technical services	19,652	-	-	-	-	-	-
Employee benefits	4,802	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-	-
General supplies	11,881	-	-	-	-	-	-
Purchased prof.-educ.services	-	-	-	-	4,456	4,687	694
Total other support services - students - special	150,139	31,236	-	-	4,456	4,687	694
Total support services	150,139	31,236	-	-	4,456	4,687	694
Equipment:							
Regular programs instruction	-	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-	-
Total equipment	-	-	-	-	-	-	-
Total expenditures	$ 1,155,273	$ 84,570	$ 51,827	$ 606	$ 4,456	$ 4,687	$ 694

(continued on next page)

Exhibit E-1

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014

(Continued from prior page)

	Non-Public			Target Take Charge of	Foundation for	Other Local	
	Nursing 13/14	Textbook 13/14	Technology 13/14	Education 13/14	MERS 13/14	Grants 13/14	Total 2014
Revenues:							
Local sources	$ -	$ -	$ -	$ 8,698	$ 109,548	$ 42,396	$ 160,642
State sources	6,880	4,107	730	-	-	-	21,554
Federal sources	-	-	-	-	-	-	1,564,393
Total revenues	6,880	4,107	730	8,698	109,548	42,396	1,746,589
Expenditures:							
Instruction:							
Salaries of teachers	-	-	-	-	-	-	311,797
Other salaries/instruction	-	-	-	-	-	-	-
Purchased professional services	-	-	-	-	9,295	6,000	47,395
General supplies	-	-	730	7,338	96,358	32,571	229,177
Tuition	-	-	-	-	-	-	818,986
Textbooks	-	4,107	-	-	-	-	4,107
Miscellaneous expenses	-	-	-	700	400	-	1,100
Total instruction	-	4,107	730	8,038	106,053	38,571	1,412,562
Support services:							
Other support services - students - special:							
Other professional staff salaries	-	-	-	-	-	-	103,890
Secretarial/Clerical salaries	-	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-	64,425
Other purchased professional services	-	-	-	-	-	-	-
Purchased technical services	6,880	-	-	-	-	-	71,132
Employee benefits	-	-		-	-	-	28,714
Travel	-	-	-	-	500	-	16,298
Miscellaneous purchased services	-	-	-	-	-	-	-
General supplies	-	-	-	660	-	-	32,911
Purchased prof.-educ.services	-	-	-	-	-	-	9,837
Total support services	6,880	-	-	660	500	-	327,207
Equipment:							
Regular programs instruction	-	-	-	-	2,995	3,825	6,820
Non-instructional equipment	-	-	-	-	-	-	-
Total equipment	-	-	-	-	2,995	3,825	6,820
Total expenditures	$ 6,880	$ 4,107	$ 730	$ 8,698	$ 109,548	$ 42,396	$ 1,746,589

Exhibit F-1

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2014

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date Prior Years	GAAP Expenditures to Date Current Year	Unexpended Appropriations June 30, 2014
Alterations to Taylor Mills Elementary School	4/14/2005	2,468,024	2,446,170	-	21,854
Alterations to Pine Brook Elementary School	4/14/2005	2,844,423	2,842,661	-	1,762
Alterations to Milford Brook Elementary School	4/14/2005	1,059,973	985,842	(1,019)	75,150
Alterations to Lafayette Mills Elementary School	4/14/2005	2,276,542	2,268,607	-	7,935
Manalapan-Englishtown Middle School and Pine Brook School Roof Project		3,046,000	3,032,508	-	13,492
Totals		$ 11,694,962	$ 11,575,788	$ (1,019)	$ 120,193

Exhibit F-2

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
For the Year Ended June 30, 2014

Revenues and Other Financing Sources		
State Sources - SCC Grant	$	-
Bond proceeds and transfers		-
Capital lease proceeds		-
Transfer from capital reserve		-
Transfer from capital outlay		-
Interest		-
Total revenues		-
Expenditures and Other Financing Uses		
Purchased professional and technical services		(1,019)
Land and improvements		-
Construction services		-
Transfers out		-
Total expenditures		(1,019)
Excess (deficiency) of revenues over (under) expenditures		1,019
Fund balance - beginning		119,174
Fund balance - ending	$	120,193

Exhibit F-2a

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Alterations to Taylor Mills Elementary School
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	$ 1,008,279	$ -	$ 1,008,279	$ 1,008,279
Bond proceeds and transfers	1,459,745	-	1,459,745	1,459,745
Total revenues	2,468,024	-	2,468,024	2,468,024
Expenditures and Other Financing Uses				
Purchased prof. and technical services	319,920	-	319,920	332,815
Construction services	2,126,250	-	2,126,250	2,135,209
Equipment purchases	-	-	-	-
Total expenditures	2,446,170	-	2,446,170	2,468,024
Excess (deficiency) or revenues over (under) expenditures	$ 21,854	$ -	$ 21,854	$ -

Additional project information:	
Project Number	2920-090-03-1222
Grant Date	4/14/2005
Bond Authorization Date	9/30/2003
Bonds Authorized	$ 1,512,419
Bonds Issued	$ 1,512,419
Original Authorized Cost	$ 2,520,698
Additional Authorized Cost	$ (52,674)
Revised Authorized Cost	$ 2,468,024
Percentage Increase over Original Authorized Cost	-2.09%
Percentage Completion	99.11%
Original target completion date	September 07
Revised target completion date	September 11

Exhibit F-2b

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Alterations to Pine Brook Elementary School
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	$ 700,000	$ -	$ 700,000	$ 700,000
Bond proceeds and transfers	1,868,423	-	1,868,423	1,868,423
Transfer from capital reserve	276,000	-	276,000	276,000
Total revenues	2,844,423	-	2,844,423	2,844,423
Expenditures and Other Financing Uses				
Purchased prof. and technical services	413,031	-	413,031	414,793
Construction services	2,429,630	-	2,429,630	2,429,630
Equipment purchases	-	-	-	-
Total expenditures	2,842,661	-	2,842,661	2,844,423
Excess (deficiency) or revenues over (under) expenditures	$ 1,762	$ -	$ 1,762	$ -

Additional project information:	
Project Number	2920-075-03-1221
Grant Date	4/14/2005
Bond Authorization Date	9/30/2003
Bonds Authorized	$ 1,050,000
Bonds Issued	$ 1,050,000
Original Authorized Cost	$ 1,750,000
Additional Authorized Cost	$ 1,094,423
Revised Authorized Cost	$ 2,844,423
Percentage Increase over Original Authorized Cost	62.54%
Percentage Completion	99.94%
Original target completion date	September 06
Revised target completion date	September 11

Exhibit F-2c

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Alterations to Milford Brook Elementary School
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	$ 172,730	$ -	$ 172,730	$ 172,730
Bond proceeds and transfers	887,243	-	887,243	887,243
Total revenues	1,059,973	-	1,059,973	1,059,973
Expenditures and Other Financing Uses				
Purchased prof. and technical services	110,892	(1,019)	109,873	172,730
Construction services	874,950	-	874,950	887,243
Equipment purchases	-	-	-	-
Total expenditures	985,842	(1,019)	984,823	1,059,973
Excess (deficiency) or revenues over (under) expenditures	$ 74,131	$ 1,019	$ 75,150	$ -

Additional project information:	
Project Number	2920-063-03-1220
Grant Date	4/14/2005
Bond Authorization Date	9/30/2003
Bonds Authorized	$ 259,095
Bonds Issued	$ 259,095
Original Authorized Cost	$ 431,325
Additional Authorized Cost	$ 628,648
Revised Authorized Cost	$ 1,059,973
Percentage Increase over Original Authorized Cost	145.75%
Percentage Completion	92.91%
Original target completion date	September 07
Revised target completion date	September 11

Exhibit F-2d

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Alterations to Lafayette Mills Elementary School
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	$ 755,760	$ -	$ 755,760	$ 755,760
Bond proceeds and transfers	1,520,782	-	1,520,782	1,520,782
Total revenues	2,276,542	-	2,276,542	2,276,542
Expenditures and Other Financing Uses				
Purchased prof. and technical services	214,333	-	214,333	214,333
Construction services	2,054,274	-	2,054,274	2,062,209
Equipment purchases	-	-	-	-
Total expenditures	2,268,607	-	2,268,607	2,276,542
Excess (deficiency) or revenues over (under) expenditures	$ 7,935	$ -	$ 7,935	$ -

Additional project information:	
Project Number	2920-050-03-1218
Grant Date	4/14/2005
Bond Authorization Date	9/30/2003
Bonds Authorized	$ 1,133,640
Bonds Issued	$ 1,133,640
Original Authorized Cost	$ 1,889,400
Additional Authorized Cost	$ 387,142
Revised Authorized Cost	$ 2,276,542
Percentage Increase over Original Authorized Cost	20.49%
Percentage Completion	99.65%
Original target completion date	September 07
Revised target completion date	September 11

Exhibit F-2e

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Manalapan-Englishtown Middle School and Pine Brook School Roof Project
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	$ -	$ -	$ -	$ -
Bond proceeds and transfers	-	-	-	-
Capital lease proceeds	1,000,000	-	1,000,000	1,000,000
Transfer from capital reserve	2,000,000	-	2,000,000	2,000,000
Transfer from capital outlay	46,000	-	46,000	46,000
Total revenues	3,046,000	-	3,046,000	3,046,000
Expenditures and Other Financing Uses				
Purchased prof. and technical services	-	-	-	-
Construction services	3,032,508	-	3,032,508	3,046,000
Equipment purchases	-	-	-	-
Total expenditures	3,032,508	-	3,032,508	3,046,000
Excess (deficiency) or revenues over (under) expenditures	$ 13,492	$ -	$ 13,492	$ -

Additional project information:	
Project Number MEMS	2920-060-11-1000
Project Number Pine Brook	2920-075-11-1000
Grant Date	
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	$ 3,037,000.00
Additional Authorized Cost	$ 9,000.00
Revised Authorized Cost	$ 3,046,000.00
Percentage Increase over Original Authorized Cost	0.30%
Percentage Completion	99.56%
Original target completion date	June 13
Revised target completion date	

Exhibit G-1

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Net Position
June 30, 2014

	Food Service
Assets:	
Current assets:	
Cash and cash equivalents	$ 396,291
Accounts receivable:	
State	5,551
Federal	71,070
Other	2,812
Prepaid expense	7,762
Inventories	23,819
Total current assets	507,305
Capital assets:	
Building improvements	192,533
Equipment	1,333,668
Accumulated depreciation	(1,271,778)
Total capital assets	254,423
Total assets	$ 761,728
Liabilities and Net Position:	
Liabilities:	
Accounts payable	153,131
Unearned revenue	25,085
Total liabilities	178,216
Net position:	
Invested in capital assets, net of related debt	254,423
Unrestricted net position	329,089
Total net position	583,512
Total liabilities and net position	$ 761,728

Exhibit G-2

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
for the Fiscal Year ended June 30, 2014

	Food Service
Operating revenues:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	$ 937,579
Special functions	12,132
Total-daily sales-reimbursable programs	949,711
Daily sales non-reimbursable programs	675,249
Total operating revenues	1,624,960
Operating expenses:	
Salaries	552,095
Employee benefits	211,463
Other purchased services	137,965
Repairs and maintenance	30,305
Supplies and materials	37,118
Depreciation	44,214
Cost of sales	981,649
Total operating expenses	1,994,809
Operating loss	(369,849)
Nonoperating revenues:	
State sources:	
State school lunch program	21,068
Federal sources:	
National school lunch program	319,019
Special milk program	2,548
U.S.D.A. commodities	105,145
Interest income	33
Total nonoperating revenues	447,813
Change in net position	77,964
Total net position beginning	505,548
Total net position ending	$ 583,512

Exhibit G-3

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Year ended June 30, 2014

	Food Service
Cash Flows from Operating Activities:	
Receipts from customers and other funds	$ 1,580,448
Payments to employees	(552,095)
Payments for employee benefits	(211,463)
Payments to suppliers	(1,137,687)
Net cash used for operating activities	(320,797)
Cash Flows from Noncapital Financing Activities	
State sources	21,068
Federal sources	321,567
Net cash provided by noncapital financing activities	342,635
Cash Flows from Capital and Related Financing Activities	
Purchases of fixed assets	-
Net cash used for capital and related financing activities	-
Cash Flows from Investing Activities	
Interest on investments	33
Net cash provided by investing activities	33
Net increase in cash and cash equivalents	21,871
Balances-beginning of the year	374,420
Balances-end of the year	$ 396,291
Reconciliation of operating loss to net cash provided by (used for) operating activities:	
Operating loss	$ (369,849)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation	44,214
Federal commodities	105,145
Change in assets and liabilities:	
Decrease in deferred revenue	(167)
Increase in prepaid expense	(7,762)
Increase in accounts receivable	(44,346)
Increase in inventory	(1,513)
Decrease in accounts payable	(46,519)
Total adjustments	49,052
Net cash used by operating activities	$ (320,797)

Exhibit H-1

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Combining Statement of Agency Fund Assets and Liabilities
Fiduciary Funds
June 30, 2014

	Trust				Agency			
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trust Fund	Student Activity	Payroll	Flex Spending	Total Agency
ASSETS								
Cash and cash equivalents	$ 677,281	$ 3,983	$ 60,007	$ 741,271	$ 48,899	$ 398,326	$ 59,078	$ 506,303
Other Accounts Receivable	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-
Intrafund receivable	73,112	-	-	73,112	-	-	-	-
Total assets	750,393	3,983	60,007	814,383	48,899	398,326	59,078	506,303
LIABILITIES								
Accounts payable	11,118	-	-	11,118	-	287,644	-	287,644
Payroll deductions and withholdings	-	-	-	-	-	37,518	59,073	96,591
Payable to student groups	-	-	-	-	48,899	-	-	48,899
Intrafund payable	-	-	-	-	-	73,112	-	73,112
Interfund payable	-	-	-	-	-	52	5	57
Total liabilities	11,118	-	-	11,118	$ 48,899	$ 398,326	$ 59,078	$ 506,303
NET POSITION								
Held in trust for unemployment claims and other purposes	739,275	-	60,007	799,282				
Reserved for scholarships	-	3,983	-	3,983				
Total net position	739,275	3,983	60,007	803,265				
Total liabilities and net position	$ 750,393	$ 3,983	$ 60,007	$ 814,383				

Exhibit H-2

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trusts
ADDITIONS				
Contributions:				
Plan member	$ 73,112	$ -	$ -	$ 73,112
Other	-	1,625	-	1,625
Total Contributions	73,112	1,625	-	74,737
Investment earnings:				
Net increase (decrease) in fair value of investments	-	-	-	-
Interest	70	-	6	76
Dividends	-	-	-	-
Less investment expense	-	-	-	-
Net investment earnings	70	-	6	76
Total additions	73,182	1,625	6	74,813
DEDUCTIONS				
Quarterly contribution reports	-	-	-	-
Unemployment claims	71,272	-	-	71,272
Scholarships awarded	-	1,226	-	1,226
Refunds of contributions	-	-	-	-
Administrative expenses	1,511	-	-	1,511
Total deductions	72,783	1,226	-	74,009
Change in net position	399	399	6	804
Net position—beginning of the year	738,876	3,584	60,001	802,461
Net position—end of the year	$ 739,275	$ 3,983	$ 60,007	$ 803,265

Exhibit H-3

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2014

	Balance July 1, 2013	Receipts	Disbursements	Balance June 30, 2014
Pine Brook School	$ 239	$ -	$ -	$ 239
Manalapan-Englishtown Middle School	18,945	9	-	18,954
Odyssey of the Mind Fundraising	887	-	-	887
Wemrock Brook School	1,002	-	-	1,002
General - unallocated	27,801	16	-	27,817
Total all schools	$ 48,874	$ 25	$ -	$ 48,899

Exhibit H-4

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Payroll Agency Fund
Schedule of receipts and disbursements
For the Fiscal Year ended June 30, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Payroll deductions and withholdings	$ 96,591	$ 22,993,937	$ 22,993,937	$ 96,591
Accounts payable	446,958	287,644	446,958	287,644
Intrafund accounts payable	76,287	73,112	76,287	73,112
Interfund accounts payable	76	57	76	57
Total	$ 619,912	$ 23,354,750	$ 23,517,258	$ 457,404

Exhibit I-1

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS PAYABLE
AS OF JUNE 30, 2014

Issue	Date of Issue	Amount of Issue	Date	Amount	Interest Rate	July 1, 2013	Issued	Retired	Balance June 30, 2014
School District Bonds	12/15/2003	$ 34,500,000	10/01/13	605,000	4.125%	$ 605,000	-	$ 605,000	$ -
School District Bonds	10/15/2004	$ 18,995,000	12/01/13	1,355,000	4.000%	13,270,000	-	1,355,000	11,915,000
			12/01/14	1,335,000	3.375%				
			12/01/15	1,310,000	5.500%				
			12/01/16	1,315,000	5.500%				
			12/01/17	1,315,000	5.500%				
			12/01/18	1,320,000	5.500%				
			12/01/19	1,320,000	5.750%				
			12/01/20	1,325,000	5.750%				
			12/01/21	1,335,000	5.750%				
			12/01/22	1,340,000	5.750%				
School District Bonds	10/1/2006	$ 9,695,000	10/01/13	25,000	4.000%	9,575,000	-	25,000	9,550,000
			10/01/14	25,000	4.000%				
			10/01/15	25,000	4.000%				
			10/01/16	25,000	4.000%				
			10/01/17	25,000	4.000%				
			10/01/18	30,000	4.000%				
			10/01/19	30,000	4.000%				
			10/01/20	30,000	4.000%				
			10/01/21	30,000	4.000%				
			10/01/22	35,000	4.000%				
			10/01/23	35,000	4.000%				
			10/01/24	1,705,000	4.000%				
			10/1/2025-2028	7,555,000	4.000%				
School District Bonds	1/5/2007	$ 9,795,000	10/01/13	30,000	4.000%	9,645,000	-	30,000	9,615,000
			10/01/14	30,000	4.000%				
			10/01/15	30,000	4.000%				
			10/01/16	30,000	4.000%				
			10/01/17	35,000	4.000%				
			10/01/18	35,000	4.000%				
			10/01/19	35,000	4.000%				
			10/01/20	35,000	4.000%				
			10/01/21	40,000	4.000%				
			10/01/22	40,000	4.000%				
			10/01/23	40,000	4.000%				
			10/01/24	1,710,000	4.000%				
			10/1/2025-2028	7,555,000	4.000%				
School District Bonds	1/31/2012	$ 12,840,000	10/01/14	675,000	2.000%	12,840,000	-	-	12,840,000
			10/01/15	760,000	2.000%				
			10/01/16	850,000	3.000%				
			10/01/17	955,000	4.000%				
			10/01/18	1,065,000	4.000%				
			10/01/19	1,175,000	4.000%				
			10/01/20	1,295,000	4.000%				
			10/01/21	1,420,000	4.500%				
			10/01/22	1,555,000	4.000%				
			10/01/23	3,090,000	4.000%				
						$ 45,935,000	$ -	$ 2,015,000	$ 43,920,000

Exhibit I-2

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2014

	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2013	Additions Current Year	Retired Current Year	Balance June 30, 2014
6 - 54 Passenger Buses	1.18%	$ 571,815	$ 454,761	$ -	$ 111,704	$ 343,057
Roof lease purchase	1.84%	1,000,000	804,338	-	198,323	606,015
2 - 24 Passenger Buses	2.40%	98,320	-	98,320	20,610	77,710
			$ 1,259,099	$ 98,320	$ 330,637	$ 1,026,782

Exhibit I-3

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	$ 3,454,447	$ -	$ 3,454,447	$ 3,454,447	$ -
Miscellaneous	-	-	-	-	-
Total revenues - local sources	3,454,447	-	3,454,447	3,454,447	-
State sources:					
Debt service aid type II	507,333	-	507,333	507,333	-
Total state sources	507,333	-	507,333	507,333	-
TOTAL REVENUES	3,961,780	-	3,961,780	3,961,780	-
EXPENDITURES					
Regular debt service:					
Interest	1,947,072	-	1,947,072	1,947,072	-
Redemption of principal	2,015,000	-	2,015,000	2,015,000	-
Total regular debt service	3,962,072	-	3,962,072	3,962,072	-
TOTAL EXPENDITURES	3,962,072	-	3,962,072	3,962,072	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(292)	-	(292)	(292)	-
OTHER FINANCING SOURCES (USES):					
Operating transfers in:					
Interest Earned in Capital Projects Fund	-	-	-	27	27
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	27	27
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(292)	-	(292)	(265)	27
FUND BALANCES, July 1	341	-	341	341	-
FUND BALANCES, June 30	$ 49	$ -	$ 49	$ 76	$ 27

STATISTICAL SECTION

Manalapan-Englishtown Regional School District
Statistical Section

Contents **Pages**

Financial Trends **88-93**

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

Revenue Capacity **94-97**

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity **98-101**

These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue

Demographic and Economic Information **102-103**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information **104-109**

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.

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

Exhibit J-1

Manalapan-Englishtown Regional School District
Net Assets by Component
Last Ten Fiscal Years
UNAUDITED

(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	$ 31,962,198	$ 21,179,284	$ 35,315,385	$ 41,543,203	$ 45,563,523	$ 47,152,557	$ 48,214,716	$ 49,305,234	$ 53,704,479	$ 43,331,202
Restricted	2,325,326	17,107,028	15,317,812	8,589,571	8,714,054	6,876,066	8,644,609	11,796,996	10,421,869	10,386,596
Unrestricted	(1,697,577)	2,380,951	(15,561)	2,498,313	(1,114,974)	(856,048)	(2,140,375)	(1,271,895)	(3,581,192)	8,023,356
Total governmental activities net position	$ 32,589,947	$ 40,667,263	$ 50,617,636	$ 52,631,087	$ 53,162,603	$ 53,172,575	$ 54,718,950	$ 59,830,335	$ 60,545,156	$ 61,741,154
Business-type activities										
Invested in capital assets, net of related debt	$ 382,323	$ 439,740	$ 413,474	$ 406,439	$ 397,870	$ 400,723	$ 371,425	$ 334,772	$ 298,636	$ 254,423
Restricted	-	-	-	-	-	-	-	10,386,596	-	-
Unrestricted	333,117	252,860	243,277	233,029	214,593	202,477	235,200	199,665	206,912	329,089
Total business-type activities net position	$ 715,440	$ 692,600	$ 656,751	$ 639,468	$ 612,463	$ 603,200	$ 606,625	$ 10,921,033	$ 505,548	$ 583,512
District-wide										
Invested in capital assets, net of related debt	$ 32,344,521	$ 21,619,024	$ 35,728,859	$ 41,949,642	$ 45,961,393	$ 47,553,280	$ 48,586,141	$ 49,640,006	$ 54,003,115	$ 43,585,625
Restricted	2,325,326	17,107,028	15,317,812	8,589,571	8,714,054	6,876,066	8,644,609	22,183,592	10,421,869	10,386,596
Unrestricted	(1,364,460)	2,633,811	227,716	2,731,342	(900,381)	(653,571)	(1,905,175)	(1,072,230)	(3,374,280)	8,352,445
Total district net position	$ 33,305,387	$ 41,359,863	$ 51,274,387	$ 53,270,555	$ 53,775,066	$ 53,775,775	$ 55,325,575	$ 70,751,368	$ 61,050,704	$ 62,324,666

Source: CAFR Schedule A-1

Exhibit J-2

Manalapan-Englishtown Regional School District
Changes in Net Assets/Net Position
Last Ten Fiscal Years
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
Instruction										
Regular	$ 24,276,030	$ 27,139,725	$ 28,994,649	$ 31,171,381	$ 33,506,644	$ 33,846,747	$ 33,965,643	$ 34,006,902	$ 37,532,659	$ 35,386,200
Special education	8,568,107	8,688,674	10,647,262	9,922,314	10,682,191	11,389,023	11,552,809	12,262,955	12,948,934	12,808,903
Other instruction	1,886,902	2,282,008	2,242,841	2,641,438	2,655,615	2,838,026	2,679,122	2,612,694	2,868,775	2,927,826
Nonpublic school programs	-	99,239	343,008	93,242	84,267	43,278	19,443	27,951	1,163	7,610
Support Services:										
Tuition	-	-	-	1,888,440	2,050,142	1,906,419	1,776,313	1,278,061	778,637	851,059
Student & instruction related services	7,735,817	7,702,456	7,193,342	7,779,382	6,845,377	7,128,059	6,291,708	7,303,248	7,114,304	7,357,737
General and Business administrative services	2,934,638	2,788,359	2,787,010	2,732,552	2,044,524	2,718,555	2,558,380	2,496,830	2,873,262	2,644,108
School administrative services	3,125,213	3,256,411	3,489,906	3,786,233	2,897,738	2,903,631	2,771,894	2,849,889	2,891,820	3,061,874
Plant operations and maintenance	7,456,433	7,918,521	8,136,749	8,902,229	7,973,821	8,451,271	7,355,550	7,975,529	7,939,864	9,433,435
Pupil transportation	4,365,137	4,817,676	5,751,596	5,921,455	5,778,039	5,442,491	5,723,635	5,754,887	6,540,131	7,133,698
Interest on long-term debt	2,796,411	3,037,345	3,033,991	2,624,909	2,608,523	2,428,292	3,054,333	1,247,365	2,289,266	1,907,067
Unallocated depreciation	863,244	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	64,007,932	67,730,414	72,620,354	77,463,575	77,126,881	79,095,792	77,748,830	77,816,311	83,778,815	83,519,517
Business-type activities:										
Food service	1,295,088	1,370,233	1,545,177	1,650,433	1,709,349	1,856,888	1,851,344	1,978,515	2,012,408	1,994,809
Total business-type activities expense	1,295,088	1,370,233	1,545,177	1,650,433	1,709,349	1,856,888	1,851,344	1,978,515	2,012,408	1,994,809
Total district expenses	$ 65,303,020	$ 69,100,647	$ 74,165,531	$ 79,114,008	$ 78,836,230	$ 80,952,680	$ 79,600,174	$ 79,794,826	$ 85,791,223	$ 85,514,326
Program Revenues										
Governmental activities:										
Charges for services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating grants and contributions	2,906,935	7,532,450	15,045,299	10,162,308	6,402,574	6,716,398	6,796,854	7,130,823	8,444,545	7,511,687
Capital grants and contributions	-	-	7,837,956	-	-	-	-	-	-	-
Total governmental activities program revenues	2,906,935	7,532,450	22,883,255	10,162,308	6,402,574	6,716,398	6,796,854	7,130,823	8,444,545	7,511,687

Exhibit J-2

Manalapan-Englishtown Regional School District
Changes in Net Assets/Net Position
Last Ten Fiscal Years
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services										
Food service	1,044,555	1,163,356	1,265,852	1,362,815	1,391,715	1,492,831	1,494,172	1,519,902	1,548,527	1,624,960
Operating grants and contributions	178,803	184,037	243,476	270,335	290,629	354,794	360,597	386,425	434,992	447,780
Total business type activities program revenues	1,223,358	1,347,393	1,509,328	1,633,150	1,682,344	1,847,625	1,854,769	1,906,327	1,983,519	2,072,740
Total district program revenues	$ 4,130,293	$ 8,879,843	$ 24,392,583	$ 11,795,458	$ 8,084,918	$ 8,564,023	$ 8,651,623	$ 9,037,150	$ 10,428,064	$ 9,584,427
Net (Expense)/Revenue										
Governmental activities	$ (61,100,997)	$ (60,197,964)	$ (49,737,099)	$ (67,301,267)	$ (70,724,307)	$ (72,379,394)	$ (70,951,976)	$ (70,685,488)	$ (75,334,270)	$ (76,007,830)
Business-type activities	(71,730)	(22,840)	(35,849)	(17,283)	(27,005)	(9,263)	3,425	(72,188)	(28,889)	77,931
Total district-wide net expense	$ (61,172,727)	$ (60,220,804)	$ (49,772,948)	$ (67,318,550)	$ (70,751,312)	$ (72,388,657)	$ (70,948,551)	$ (70,757,676)	$ (75,363,159)	$ (75,929,899)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	$ 36,796,835	$ 38,123,331	$ 41,439,169	$ 45,271,265	$ 46,624,684	$ 48,175,874	$ 49,550,724	$ 50,541,738	$ 51,552,572	$ 52,583,623
Taxes levied for debt service	4,663,725	3,804,014	4,432,464	4,654,157	3,086,701	3,416,908	3,500,861	3,504,357	3,386,723	3,454,447
Unrestricted grants and contributions	21,795,155	24,890,813	12,715,639	18,651,092	20,881,811	20,633,679	19,140,955	20,954,349	20,489,664	20,511,322
Tuition received	-	28,502	16,304	6,722	2,101	618	-	28,529	215,398	384,137
Investment earnings	866,707	1,212,736	893,960	337,246	183,020	8,984	5,380	4,769	2,419	2,310
Miscellaneous income	765,956	215,883	253,738	393,236	477,505	210,878	300,431	763,131	402,316	268,022
Total governmental activities	64,888,378	68,275,279	59,751,274	69,313,718	71,255,822	72,446,941	72,498,351	75,796,873	76,049,092	77,203,861
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	$ 64,888,378	$ 68,275,279	$ 59,751,274	$ 69,313,718	$ 71,255,822	$ 72,446,941	$ 72,498,351	$ 75,796,873	$ 76,049,092	$ 77,203,861
Change in Net Position										
Governmental activities	$ 3,787,381	$ 8,077,315	$ 10,014,175	$ 2,012,451	$ 531,515	$ 67,547	$ 1,546,375	$ 5,111,385	$ 714,822	$ 1,196,031
Business-type activities	(71,730)	(22,840)	(35,849)	(17,283)	(27,005)	(9,263)	3,425	(72,188)	(28,889)	77,931
Total district	$ 3,715,651	$ 8,054,475	$ 9,978,326	$ 1,995,168	$ 504,510	$ 58,284	$ 1,549,800	$ 5,039,197	$ 685,933	$ 1,273,962

Exhibit J-3

Manalapan-Englishtown Regional School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	$ 1,809,375	$ 1,678,453	$ 1,988,901	$ 1,741,564	$ 5,049,103	$ 5,074,406	$ 6,244,982	$ 9,914,147	$ 10,301,335	$ 10,266,327
Unreserved	1,830,114	1,397,859	1,391,837	1,579,787	(424,907)	(563,211)	(91,073)	(35,804)	(260,329)	(201,884)
Total general fund	$ 3,639,489	$ 3,076,312	$ 3,380,738	$ 3,321,351	$ 4,624,196	$ 4,511,195	$ 6,153,909	$ 9,878,343	$ 10,041,006	$ 10,064,443
All Other Governmental Funds										
Reserved	$ 15,712,535	$ 13,127,496	$ 12,087,709	$ -	$ 5,627,141	$ 3,820,098	$ 2,397,817	$ 1,844,302	$ 120,193	$ 120,193
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	13,025,880	5,103,453	-	7,429,795	-	-	-	-	-	-
Debt service fund	404,927	138,461	327,758	173,382	(99,842)	426	1,810	38,547	341	76
Total all other governmental funds	$ 29,143,342	$ 18,369,410	$ 12,415,467	$ 7,603,177	$ 5,527,299	$ 3,820,524	$ 2,399,627	$ 1,882,849	$ 120,534	$ 120,269

Exhibit J-4

Manalapan-Englishtown Regional School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax levy	$ 41,460,560	$ 41,927,345	$ 45,871,633	$ 49,925,422	$ 49,711,385	$ 51,592,782	$ 53,051,585	$ 54,046,095	$ 54,939,295	$ 56,038,070
Tuition charges	3,066	28,502	16,305	6,722	2,101	618	-	28,529	215,398	384,137
Interest earnings	158,463	1,212,736	893,960	337,246	183,020	8,984	5,380	4,769	2,419	2,277
Miscellaneous	383,993	215,883	265,865	393,236	497,002	241,804	296,182	527,720	487,419	372,775
State sources	23,280,602	30,556,663	33,926,997	26,851,458	25,479,664	22,454,877	23,711,740	25,547,795	27,211,235	26,283,087
Federal sources	1,421,488	1,789,024	1,595,967	1,997,503	1,785,224	4,864,274	2,206,537	2,317,732	1,576,166	1,585,962
Total revenue	66,708,172	75,730,153	82,570,727	79,511,587	77,658,396	79,163,339	79,271,424	82,472,640	84,431,932	84,666,308
Expenditures										
Instruction										
Regular Instruction	17,968,698	25,787,984	27,479,320	30,064,503	31,798,853	24,832,870	23,784,432	23,947,743	25,451,372	25,555,459
Special education instruction	6,184,188	8,599,184	10,521,685	9,816,932	10,558,365	8,894,859	8,951,764	9,595,241	10,100,122	9,942,662
Other instruction	1,821,477	2,282,008	2,234,484	2,641,438	2,655,615	2,200,042	2,011,394	1,926,260	2,129,293	2,187,052
Nonpublic school programs	-	99,239	341,912	93,242	84,267	43,278	19,443	27,951	1,163	7,610
Support Services:										
Student & instruction related services	6,360,814	7,579,855	7,039,216	9,508,313	8,725,739	8,834,805	7,871,127	8,383,459	7,715,145	7,999,564
General administrative services	840,757	3,244,157	841,606	1,046,952	760,764	1,385,295	1,193,952	1,083,987	1,238,646	1,057,947
School Administrative services	2,385,831	918,308	3,464,307	3,769,498	2,880,785	2,883,934	2,752,470	2,832,183	2,874,384	3,042,105
Business administrative services	1,836,955	1,251,726	1,803,465	1,685,600	1,283,760	1,333,260	1,362,928	1,411,343	1,633,116	1,584,661
Plant operations and maintenance	6,479,421	417,825	8,080,781	8,788,456	7,945,281	8,017,578	7,404,814	7,184,989	7,487,507	8,627,838
Pupil transportation	4,026,766	7,870,532	5,469,811	5,449,955	5,514,689	5,589,827	5,728,581	5,730,278	6,366,826	6,918,548
Unallocated employee benefits	11,087,393	4,575,302	-	-	-	10,633,068	11,128,801	11,440,563	12,324,707	12,346,233
Capital outlay	5,321,604	18,667,020	15,034,457	6,116,652	3,722,024	2,267,640	2,906,548	2,692,389	5,390,179	1,509,705
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	3,420,000	3,190,000	21,755,000	3,580,000	1,630,000	1,695,000	1,750,000	15,295,000	1,915,000	2,015,000
Interest and other charges	3,301,351	3,037,345	2,880,600	2,624,909	2,439,462	2,371,662	2,300,949	2,008,653	2,032,428	1,947,072
Total expenditures	71,035,255	87,520,485	106,946,644	85,186,450	79,999,603	80,983,118	79,167,203	93,560,039	86,659,888	84,741,456
Excess (Deficiency) of revenues over (under) expenditures	(4,327,083)	(11,790,332)	(24,375,917)	(5,674,863)	(2,341,207)	(1,819,779)	104,221	(11,087,399)	(2,227,956)	(75,148)
Other Financing sources (uses)										
Capital leases (non-budgeted)	10,300	509,280	331,400	803,186	683,895	-	117,599	1,000,000	571,815	98,320
Bond proceeds	-	-	18,395,000	-	-	-	-	12,840,000	-	-
Bond premium	-	-	-	-	-	-	-	1,719,176	56,489	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	78,836	-	-	-	-	-	-	-	-	-
Prepaid interest	34,239	-	-	-	-	-	-	(1,118,119)	-	-
Costs of issuance		-	-	-	-	-	-	(146,002)	-	-
Transfers in	708,244	1,314,834	818,634	29,277	945,160	100,266	1,382	244	2,046,045	27
Transfers out	(708,244)	(1,370,891)	(818,634)	(29,277)	(60,881)	(100,266)	(1,382)	(244)	(2,046,045)	(27)
Total other financing sources (uses)	123,375	453,223	18,726,400	803,186	1,568,174	-	117,599	14,295,055	628,304	98,320
Net change in fund balances	$ (4,203,708)	$ (11,337,109)	$ (5,649,517)	$ (4,871,677)	$ (773,033)	$ (1,819,779)	$ 221,820	$ 3,207,656	$ (1,599,652)	$ 23,172
Debt service as a percentage of noncapital expenditures	10.2%	9.0%	26.8%	7.8%	5.3%	5.2%	5.3%	19.0%	4.9%	4.8%

Source: District records

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

Exhibit J-5

Manalapan-Englishtown Regional School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2005	158,463	3,006	37,500	346,493	545,462
2006	306,509	28,502	1,000	201,109	537,120
2007	351,326	16,305	10,578	166,689	544,898
2008	307,969	6,722	16,223	355,998	686,912
2009	116,351	2,101	16,610	477,505	612,567
2010	173	618	6,560	204,318	211,669
2011	2,350	-	28,095	248,555	279,000
2012	3,808	28,529	29,918	278,157	340,412
2013	1,238	215,398	25,145	371,955	613,736
2014	1,360	384,137	25,145	193,670	604,312

Source: District records

Exhibit J-6

Manalapan-Englishtown Regional School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

MANALAPAN TOWNSHIP

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)
2005	79,348,800	2,154,592,600	16,211,800	2,126,100	181,799,700	11,519,100	-	2,445,598,100	-	2,977,355	2,448,575,455	1.592	4,480,195,412
2006	85,683,900	2,214,784,300	17,355,100	2,183,400	182,740,300	11,519,100	-	2,514,266,100	-	2,632,821	2,516,898,921	1.674	5,056,910,192
2007	200,229,100	5,485,094,000	36,588,500	2,296,200	402,831,900	24,603,500	-	6,151,643,200	-	5,707,918	6,157,351,118	1.674	5,837,550,667
2008	200,478,700	5,658,484,200	36,779,500	2,315,700	403,109,300	24,603,500	-	6,325,770,900	-	6,259,661	6,332,030,561	0.747	6,267,559,710
2009	160,219,400	5,732,755,580	36,725,860	2,314,400	425,667,160	24,603,500	-	6,382,285,900	-	7,636,903	6,389,922,803	0.776	6,480,948,402
2010	102,803,800	5,111,385,600	32,933,960	2,338,000	377,965,540	24,667,000	-	5,652,093,900	-	9,382,496	5,661,476,396	1.888	6,542,677,046
2011	102,803,800	5,111,395,600	32,933,900	2,253,000	380,040,400	22,667,200	-	5,652,093,900	-	9,382,496	5,661,476,396	1.961	6,281,820,516
2012	84,044,500	5,183,906,700	32,780,800	2,354,500	393,960,900	22,667,200	-	5,719,714,600	-	9,382,496	5,729,097,096	1.970	5,746,321,400
2013	58,673,900	5,299,331,500	31,538,900	2,316,400	378,911,200	20,269,600	-	5,791,041,500	-	9,382,496	5,800,423,996	1.995	6,109,982,591
2014	47,846,600	5,359,086,600	32,130,400	2,269,200	380,616,076	20,269,600	-	5,842,218,476	-	-	5,842,218,476	2.044	6,109,982,591

ENGLISHTOWN TOWNSHIP

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)
2005	1,576,400	74,384,600	164,000	2,500	13,476,100	3,275,900	633,000	93,512,500	-	1,725,109	95,237,609	1.775	169,651,537
2006	2,781,400	75,336,000	-	-	13,585,100	3,275,900	743,200	95,721,600	-	1,551,774	97,273,374	1.806	189,388,163
2007	1,454,000	80,771,800	-	-	14,729,700	2,975,900	743,200	100,674,600	-	1,170,831	101,845,431	1.789	218,018,531
2008	3,353,400	198,838,400	-	-	42,425,900	10,229,600	1,262,100	256,109,400	-	3,772,717	259,882,117	1.927	238,835,137
2009	3,978,000	198,110,000	-	-	42,080,100	9,879,300	1,262,100	255,309,500	-	5,904,759	261,214,259	0.758	246,645,548
2010	3,892,300	198,206,200	-	-	42,019,600	9,879,300	1,262,100	255,259,500	-	4,454,063	259,713,563	1.775	250,643,293
2011	3,788,700	198,279,700	-	-	39,134,100	9,879,300	1,262,100	252,343,900	-	4,454,063	256,797,963	1.788	242,547,058
2012	2,384,300	201,896,900	-	-	35,742,000	8,583,900	1,262,100	249,869,200	-	4,454,063	249,869,200	1.909	233,987,214
2013	3,274,100	206,535,000	-	-	35,332,500	7,617,200	1,262,100	254,020,900	-	4,454,063	258,474,963	1.936	221,639,386
2014	3,274,100	206,535,000	-	-	35,332,500	7,617,200	1,262,100	254,020,900	-	-	254,020,900	1.969	221,639,386

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
Reassessment occurs when ordered by the County Board of Taxation
a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies
b Tax rates are per $100

Exhibit J-7

Manalapan-Englishtown Regional School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)

Manalapan Township

	Manalapan-Englishtown Board of Education			Overlapping Rates				
Fiscal Year Ended June 30,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Freehold Regional School District	Manalapan Township	Library/Other	Monmouth County	Total Direct and Overlapping Tax Rate
2005	1.529	0.063	1.592	0.812	0.494	0.031	0.599	3.528
2006	1.606	0.068	1.674	0.812	0.494	0.031	0.582	3.593
2007	0.675	0.072	0.747	0.363	0.268	0.014	0.252	1.644
2008	0.700	0.076	0.776	0.360	0.284	0.014	0.230	1.664
2009	0.700	0.076	0.776	0.364	0.295	0.014	0.235	1.684
2010	0.753	0.076	0.829	0.432	0.332	0.016	0.279	1.888
2011	0.849	0.060	0.909	0.421	0.332	0.020	0.279	1.961
2012	0.849	0.063	0.912	0.420	0.339	0.017	0.282	1.970
2013	0.862	0.063	0.925	0.425	0.345	0.018	0.282	1.995
2014	0.882	0.063	0.945	0.436	0.352	0.019	0.292	2.044

Englishtown Borough

	Manalapan-Englishtown Board of Education			Overlapping Rates				
Fiscal Year Ended June 30,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Freehold Regional School District	Englishtown Borough	Library/Other	Monmouth County	Total Direct and Overlapping Tax Rate
2005	1.558	0.200	1.758	0.595	0.725	0.030	0.583	3.691
2006	1.625	0.164	1.789	0.683	0.785	0.030	0.574	3.861
2007	1.741	0.186	1.927	0.646	0.785	0.031	0.586	3.975
2008	0.687	0.071	0.758	0.268	0.328	0.012	0.225	1.591
2009	0.707	0.045	0.752	0.303	0.365	0.013	0.236	1.669
2010	0.784	0.024	0.808	0.318	0.385	0.013	0.251	1.775
2011	0.785	0.054	0.839	0.299	0.405	0.013	0.232	1.788
2012	0.729	0.049	0.778	0.393	0.462	0.014	0.262	1.909
2013	0.729	0.057	0.786	0.404	0.498	0.002	0.246	1.936
2014	0.729	0.057	0.786	0.404	0.498	-	0.281	1.969

Source: District Records and 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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
b Rates for debt service are based on each year's requirements.

Exhibit J-8

Manalapan-Englishtown Regional School District
Principal Property Tax Payers
Current Year and Nine Years Ago

MANALAPAN TOWNSHIP

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Manalapan Realty	$ 42,593,600	1	0.70%	$ 26,921,600	1	1.13%
Manalapan VF	29,989,700	2	0.49%	11,793,000	2	0.50%
Towne Point Associates	13,573,200	3	0.22%	8,082,300	3	0.34%
Trans Equity Realty, LLC	9,694,600	4	0.16%	4,450,000	6	0.19%
Taylor 9 South Associates, LLC	7,593,400	5	0.12%			
Monmouth Investors, LLC	7,500,000	8	0.12%			
Lenine, LLC	7,356,000	6	0.12%	3,850,000	9	0.16%
Pension Road Realty	6,400,000	7	0.10%			
Tech Park, LLC	6,275,400	9	0.10%			
Englishtown Auction Sales, Inc.	6,245,200	10	0.10%			
Battleground d/b/a Fairways				6,994,000	4	0.29%
Westmon Corp.				4,767,100	5	0.20%
DR Horton, Inc. d/b/a SGS				4,107,800	7	0.17%
200 Manalapan LLC				4,100,000	8	0.17%
Reiss Manufacturing, Inc.				3,779,800	10	0.16%
Total	$ 137,221,100		2.25%	$ 78,845,600		3.31%

ENGLISHTOWN BOROUGH

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
BTR Englishtown LLC	$ 7,229,300	1	0.12%			
BAL Governor's Crossing LLC	4,200,000	2	0.07%			
Stamford Square LLC	3,750,700	3	0.06%			
Wemacs, LLC	3,366,700	4	0.06%	598,000	5	0.63%
Village Center Associates LLC	3,165,700	5	0.05%			
Dorothy Leo Inc.	2,200,000	6	0.04%			
DCD LLC	2,150,300	7	0.04%			
Brooklawn Gardens, Inc.	2,021,800	8	0.03%			
K & K Englishtown, Inc.	1,782,800	9	0.03%	550,000	6	0.58%
Moskowitz, K Trust & Berger V	1,374,700	10	0.02%			
Ruck, DiRubbio & MacCauley				5,000,000	1	5.29%
Englishtown Industrial Park				2,462,500	2	2.60%
Individual Taxpayer #1				1,203,100	3	1.27%
Verizon New Jersey				600,000	4	0.63%
Sovereign Bank				450,000	7	0.48%
Jolor Realty Co.				422,800	8	0.45%
Individual Taxpayer #2				412,600	9	0.44%
Individual Taxpayer #3				406,300	10	0.43%
Total	$ 31,242,000		0.51%	$ 12,105,300		12.80%

Exhibit J-9

Manalapan-Englishtown Regional School District
Property Tax Levies and Collections
Last Ten Fiscal Years

MANALAPAN TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	89,387,231	87,443,600	97.83%	-
2005	89,914,296	88,520,335	98.45%	-
2006	95,442,237	94,037,409	98.53%	-
2007	105,569,145	103,781,032	98.31%	-
2008	111,238,139	109,196,505	98.16%	-
2009	111,863,760	110,272,757	98.58%	-
2010	115,530,685	113,968,838	98.65%	-
2011	116,561,281	115,264,663	98.89%	-
2012	118,422,656	117,170,981	98.94%	-
2013	121,065,199	118,960,751	98.26%	-

ENGLISHTOWN BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	1,551,411	1,551,411	100.00%	-
2005	1,635,126	1,635,126	100.00%	-
2006	1,691,301	1,691,301	100.00%	-
2007	1,757,710	1,757,710	100.00%	-
2008	1,780,484	1,780,484	100.00%	-
2009	1,983,899	1,983,899	100.00%	-
2010	1,976,369	1,976,369	100.00%	-
2011	2,106,903	2,106,903	100.00%	
2012	1,952,186	1,952,186	100.00%	
2013	1,266,404	1,266,404	100.00%	

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

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

Exhibit J-10

Manalapan-Englishtown Regional School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			
	General Obligation Bonds [b]	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2005	64,415,000	-	147,801	-	-	64,562,801	0.07%	44,005
2006	61,225,000	-	429,286	-	-	61,654,286	0.07%	44,599
2007	58,960,000	-	487,106	-	-	59,447,106	0.08%	45,201
2008	55,380,000	-	809,476	-	-	56,189,476	0.09%	51,455
2009	53,750,000	-	1,087,289	-	-	54,837,289	0.10%	54,801
2010	52,055,000	-	691,982	-	-	52,746,982	0.11%	56,755
2011	50,305,000	-	478,959	-	-	50,783,959	0.11%	54,771
2012	47,850,000	-	1,181,435	-	-	49,031,435	0.12%	56,955
2013	45,935,000	-	1,258,930	-	-	47,193,930	0.12%	58,355
2014	43,920,000	-	1,026,782	-	-	44,946,782	0.14%	61,426

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

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

a See Exhibit NJ J-13 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

Exhibit J-11

Manalapan-Englishtown Regional School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2005	64,415,000	-	64,415,000	2.53%	44,005
2006	61,225,000	-	61,225,000	2.34%	44,599
2007	58,960,000	-	58,960,000	0.94%	45,201
2008	55,380,000	-	55,380,000	0.84%	51,455
2009	53,750,000	-	53,750,000	0.81%	54,801
2010	52,055,000	-	52,055,000	0.88%	56,755
2011	50,305,000	-	50,305,000	0.85%	54,771
2012	47,850,000	-	47,850,000	0.80%	56,955
2013	45,935,000	-	45,935,000	0.76%	58,355
2014	43,920,000	-	43,920,000	0.72%	61,426

Note:

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

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

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

Exhibit J-12

Manalapan-Englishtown Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Manalapan Township	$ 20,037,127	100.0000%	$ 20,037,127
Englishtown Borough	1,115,000	100.0000%	1,115,000
Other debt			
Western Monmouth Utility Authority	5,655,320	50.6526%	2,864,567
Freehold Regional High School:			-
Manalapan Township	27,570,000	20.28593%	5,592,831
Englishtown Borough	27,570,000	0.7426%	204,747
Monmouth County:			
Manalapan Township	347,538,500	5.0640%	17,599,253
Englishtown Borough	347,538,500	0.1916%	665,731
Subtotal, overlapping debt			48,079,256
Manalapan-Englishtown School District Direct Debt			43,920,000
Total direct and overlapping debt			$ 91,999,256

Sources: Manalapan Township Finance Officer, Englishtown Borough Finance Officer, Monmouth County Finance Office and Utility Authorities.

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 Marlboro. 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.

Exhibit J-13

Manalapan-Englishtown Regional School District
Legal Debt Margin Information,
Last Ten Fiscal Years
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2014

		Equalized valuation basis	
		2014	$ 6,109,982,591
		2013	6,109,982,591
		2012	5,746,321,400
		[A]	$ 17,966,286,582
Average equalized valuation of taxable property	**[A/3]**		$ 5,988,762,194
Debt limit (3% of average equalization value)	**[B]**		179,662,866 **a**
Net bonded school debt	**[C]**		42,018,264
Legal debt margin	**[B-C]**		$ 137,644,602

Fiscal Year for Manalapan Township

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 119,289,724	$ 135,049,016	$ 146,527,033	$ 171,620,206	$ 185,860,588	$ 192,081,122	$ 193,054,460	$ 185,708,190	$ 181,381,245	$ 179,662,866
Total net debt applicable to limit	62,099,138	61,225,000	87,958,491	52,982,046	51,422,625	49,801,019	48,126,794	45,778,095	43,946,015	42,018,264
Legal debt margin	$ 57,190,586	$ 73,824,016	$ 58,568,542	$ 118,638,160	$ 134,437,963	$ 142,280,103	$ 144,927,666	$ 139,930,095	$ 137,435,230	$ 137,644,602
Total net debt applicable to the limit as a percentage of debt limit	52.06%	45.34%	60.03%	30.87%	27.67%	25.93%	24.93%	24.65%	24.23%	23.39%

Legal Debt Margin Calculation for Fiscal Year 2014

		Equalized valuation basis	
		2014	$ 221,639,386
		2013	221,639,386
		2012	233,987,214
		[A]	$ 677,265,986
Average equalized valuation of taxable property	**[A/3]**		$ 225,755,329
Debt limit (3% of average equalization value)	**[B]**		6,772,660 **a**
Net bonded school debt	**[C]**		1,901,736
Legal debt margin	**[B-C]**		$ 4,870,924

Fiscal Year for Englishtown Borough

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 4,449,340	$ 5,049,243	$ 5,078,616	$ 6,462,418	$ 7,034,992	$ 7,364,512	$ 7,398,359	$ 7,271,776	$ 6,981,737	$ 6,772,660
Total net debt applicable to limit	2,315,862	2,579,498	2,608,871	2,397,954	2,327,375	2,253,982	2,178,207	2,071,905	1,988,986	1,901,736
Legal debt margin	$ 2,133,478	$ 2,469,745	$ 2,469,745	$ 4,064,464	$ 4,707,617	$ 5,110,530	$ 5,220,152	$ 5,199,871	$ 4,992,751	$ 4,870,924
Total net debt applicable to the limit as a percentage of debt limit	52.05%	51.09%	51.37%	37.11%	33.08%	30.61%	29.44%	28.49%	28.49%	28.08%

Source: Abstract of Ratables and District Records CAFR Schedule J-6

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Exhibit J-14

Manalapan-Englishtown Regional School District
Demographic and Economic Statistics
Last Ten Fiscal Years
UNAUDITED

MANALAPAN TOWNSHIP

Year	Population [a]	Personal Income (thousands of dollars) [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2005	37,257	1,782,595,500	47,724	3.5%
2006	37,628	1,868,675,299	51,455	3.3%
2007	38,591	1,975,131,600	54,286	3.5%
2008	39,063	2,071,718,441	57,028	3.2%
2009	38,956	2,134,827,756	54,801	4.2%
2010	39,390	2,235,579,450	56,755	7.8%
2011	38,872	2,129,058,312	54,771	7.8%
2012	38,872	2,213,954,760	56,955	7.8%
2013	39,229	2,289,208,295	58,355	8.3%
2014	39,851	2,447,887,526	61,426	7.0%

ENGLISHTOWN BOROUGH

Year	Population [a]	Personal Income (thousands of dollars) [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2005	1,817	87,019,764	47,724	3.4%
2006	1,862	89,954,852	51,455	3.5%
2007	1,893	93,813,970	54,286	3.4%
2008	1,914	96,970,411	57,028	3.1%
2009	1,917	105,053,517	54,801	4.0%
2010	1,916	108,742,580	56,755	6.7%
2011	1,916	104,941,236	54,771	6.8%
2012	1,916	109,125,780	56,955	6.8%
2013	1,909	111,399,695	58,355	7.1%
2014	1,948	119,657,848	61,426	6.4%

Source:
[a] Population information provided by the NJ Dept of Labor and Workforce Development
b Personal income not available by municipality
[c] Per Capita Income not available by municipality
[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

Manalapan-Englishtown Regional School District
Principal Employers,
Current Year and Ten Years Ago
UNAUDITED

	2014			2005		
Employer	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**
Manalapan-Englishtown Regional School District	847	1	0.00%			
Wegman's Super Market	570	2	0.00%			
Target	205	3	0.00%			
Manalapan Township	159	4	0.00%			
Stop-N-Shop	83	5	0.00%			
Applebee's	55	6	0.00%			
Western Monmouth Utilities	53	7	0.00%			
Rex Lumber	47	8	0.00%			
Babies R Us	41	9	0.00%			
Turning Point	30	10	0.00%			
	2,090		0.00%	-		0.00%

Source: Township Administration Office

Note: Information for 2005 not available. Percentage of total employment not available.

Exhibit J-16

Manalapan-Englishtown Regional School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
UNAUDITED

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Regular	408	411	339	339	349	256	270	271	273	296
Special education	124	135	105	118	128	163	160	156	166	180
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	70	78	163	154	154	131	133	135	133	84
General administrative services	2	1	21	21	4	3	2	2	2	2
School administrative services	28	26	40	40	40	40	35	42	37	38
Business administrative services	8	11	6	6	6	6	14	16	16	16
Plant operations and maintenance	51	51	66	63	63	62	65	62	96	96
Pupil transportation	67	72	79	75	75	85	86	85	89	91
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	758	785	819	816	819	746	765	769	812	803

Source: District Personnel Records

Exhibit J-17

Manalapan-Englishtown Regional School District
Operating Statistics
Last Ten Fiscal Years
UNAUDITED

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio: Elementary	Pupil/Teacher Ratio: Middle School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	5,495	58,339,003	10,617	2.14%	452	15:01	17:01	5,500	5,244	-0.30%	95.86%
2006	5,446	61,614,260	11,314	6.56%	464	15:01	17:01	5,518	5,278	0.33%	95.80%
2007	5,552	66,001,695	11,888	5.08%	467	13:01	17:01	5,493	5,253	-0.45%	96.30%
2008	5,521	64,169,311	11,623	-2.23%	457	13:01	14:01	5,499	5,266	0.11%	95.80%
2009	5,464	72,208,117	13,215	13.70%	819	13:01	14:01	5,464	5,204	-0.64%	95.20%
2010	5,364	74,648,816	13,917	5.31%	746	13:01	14:01	5,400	5,176	-1.17%	95.90%
2011	5,275	72,209,706	13,689	-1.64%	765	13:01	14:01	5,292	5,047	-2.00%	95.90%
2012	5,161	73,563,998	14,254	4.13%	769	11:01	12:01	5,195	4,980	-1.83%	95.90%
2013	5,136	77,322,281	15,055	5.62%	812	11:01	12:01	5,118	4,906	-1.49%	95.87%
2014	5,090	79,269,679	15,574	3.45%	803	13:01	13:01	5,057	4,849	-1.19%	95.89%

Sources: District records, ASSA and Schedules J-4,J-12, J-14

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Exhibit J-18

Manalapan-Englishtown Regional School District
School Building Information
Last Ten Fiscal Years
UNAUDITED

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
District Building											
Early Learning Center											
John I. Dawes Early Learning Center (2008)											
	Square Feet	-	-	-	42,000	42,000	42,000	42,000	42,000	42,000	42,000
	Capacity (students)	-	-	-	550	550	550	550	550	550	550
	Enrollment	-	-	-	530	530	530	530	530	530	530
Elementary											
Clark Mills Elementary (1957)											
	Square Feet	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551
	Capacity (students)	851	851	851	851	851	851	851	851	851	851
	Enrollment	775	766	813	605	605	605	605	605	605	605
Taylor Mills Elementary (1965)											
	Square Feet	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454
	Capacity (students)	521	521	521	521	521	521	521	521	521	521
	Enrollment	688	676	676	519	519	519	519	519	519	519
Pine Brook Elementary (1966)											
	Square Feet	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260
	Capacity (students)	816	816	816	816	816	816	816	816	816	816
	Enrollment	839	844	814	778	778	778	778	778	778	778
Lafayette Mills Elementary (1968)											
	Square Feet	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230
	Capacity (students)	517	517	517	517	517	517	517	517	517	517
	Enrollment	521	524	495	508	508	508	508	508	508	508
Milford Brook Elementary (1971)											
	Square Feet	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900
	Capacity (students)	584	584	584	584	584	584	584	584	584	584
	Enrollment	760	745	773	604	604	604	604	604	604	604
Wemrock Brook Elementary (2002)											
	Square Feet	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252
	Capacity (students)	642	642	642	642	642	642	642	642	642	642
	Enrollment	585	565	609	631	631	631	631	631	631	631
Middle School											
Manalapan Englishtown Middle (1992)											
	Square Feet	205,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977
	Capacity (students)	1,346	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424
	Enrollment	1,364	1,417	1,372	1,346	1,346	1,346	1,346	1,346	1,346	1,346
Other											
Administration Building (1909)											
	Square Feet	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109
Transportation (2002)											
	Square Feet	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760
Bus Repair Facility (2003)											
	Square Feet	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Bus Wash Facility (2002)											
	Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Fuel Facility (2002)											
	Square Feet	-	-	-	-	-	-	-	-	-	-

Number of Schools at June 30, 2014

Early Learning Center = 1
Elementary = 6

Middle School = 1
Other = 5

Source: District records, ASSA

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

Manalapan-Englishtown Regional School District
Schedule of Required Maintenance
Last Nine Fiscal Years
UNAUDITED

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

* School Facilities Project # (s)	Clark Mills Elementary N/A	Lafayette Mills Elementary N/A	Manalapan-Englishtown Middle N/A	Milford Brook Elementary N/A	Pine Brook Elementary N/A	Taylor Mills Elementary N/A	Wemrock Brook Elementary N/A	John I. Dawes Early Learning Center N/A	Other Facilities	Total
2005	127,818	104,706	340,904	111,806	146,967	122,373	162,611	-	45,700	1,162,885
2006	135,176	163,357	225,016	153,538	158,129	132,413	157,619	-	18,066	1,143,314
2007	123,041	156,191	211,823	144,642	150,042	119,792	149,442	-	-	1,054,973
2008	154,123	181,766	244,945	169,653	176,589	141,702	159,259	11,799	-	1,239,836
2009	144,111	123,889	546,608	134,998	163,134	143,921	192,508	82,292	49,706	1,581,167
2010	94,956	81,632	360,167	88,952	107,491	94,831	126,846	54,223	32,752	1,507,756
2011	94,956	81,632	360,167	88,952	107,491	94,831	126,846	54,223	32,752	1,041,851
2012	84,031	72,239	318,727	78,717	95,123	83,920	112,251	47,984	28,984	921,976
2013	110,392	94,901	418,714	103,411	124,964	110,246	147,465	63,037	38,076	1,211,208
2014	117,546	101,052	445,850	110,113	133,063	117,391	157,022	67,123	40,544	1,289,704
Total School Facilities	$ 1,186,151	$ 1,161,364	$ 3,472,921	$ 1,184,782	$ 1,362,993	$ 1,161,420	$ 1,491,870	$ 380,681	$ 286,580	$ 12,154,670

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

Source: District records

Exhibit J-20

Manalapan-Englishtown Regional School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2014
Unaudited

Company	Type of Coverage	Coverage	Deductible
COMMERCIAL PACKAGE POLICY			
Utica Mutual Insurance	Property Blanket Building & Contents	$ 236,873,877	$ 1,000
	(Replacement Cost Values)		
	Flood	2,515,000	25,000
	Earthquake	3,000,000	25,000
	Limited Water Damage	500,000	-
	Sewer Back Up	1,000,000	-
	Personal Property Limit	Included	-
	Business Income/Extra Expense	Actual loss sustained	-
	Property in Transit	10,000	
	Property off Premises	100,000	
	Data Processing Equipment	75,000	
	Data Media & Computer Programs	10,000	
	Extra Expense	10,000	-
	Boiler & Machinery	Included	-
	Ordinance or Law Coverage		
	Coverage A - Loss to undamaged portion of insured bldg	Value per SOV	-
	Coverage B - Demolition Cost	1,000,000	-
	Coverage C - Inc Cost of Insurance	1,000,000	1,000
	Pollutant Clean-up & Removal	100,000	-
	Utility Services Per Building	500,000	-
	Miscellaneous Equipment	500,000	-
Utica Mutual Insurance	**Inland Marine: Additional Limits**		
	Data/Media Computer Programs -		
	Blanket All Locations	6,334,729	1,000
	Extra Expense - Blanket All Locations	240,000	-
	Musical Instruments	500,000	500
	Outside Equipment	25,000	-
	Valuable Papers & Records	100,000	-
Utica Mutual Insurance	**Crime Coverage**		
	Employee Dishonesty	100,000	None
	Forgery or Alteration	100,000	None
	Money & Securities		
	Inside Premises	25,000	-
	Outside Premises	25,000	-
Utica Mutual Insurance	**Comprehensive General Liability**		
	Per Occurrence	1,000,000	None
	General Aggregate	3,000,000	None
	Products/Completed Operations	3,000,000	None
	Personal/Advertising Injury	1,000,000	None
	Fire/Legal Damage	1,000,000	None
	Medical Expense	10,000	None
	Employee Benefit Liability(excludes students)	1,000,000	1,000
	Aggregate	3,000,000	1,000
	School District/Educational Legal		
	Occurrence	1,000,000	-
	Aggregate	3,000,000	-
	Retention	10,000	-
	Maximum Additional Defense	100,000/50,000	-
	Abuse/Molestation Liability	-	
	Each Claim	1,000,000	-
	Aggregate	3,000,000	-

(Continued)

Source: District Records

Exhibit J-20

Manalapan-Englishtown Regional School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2014
Unaudited

Company	Type of Coverage	Coverage	Deductible
Utica Mutual Insurance	**Automobile Policy**		
	Automobile Liability	$ 1,000,000	$ -
	Uninsured/Underinsured Motorist	1,000,000	-
	Medical Payments	10,000	
	Comprehensive General Liability	Included	500
	Collision Coverage	Included	1,000
	Umbrella Liability		
Utica Mutual Insurance	Each Occurrence	10,000,000	-
	General Aggregate	10,000,000	-
	Self Insured Retention	10,000	-
	Excess Umbrella - NJ CAP Program		
Fireman's Fund	Limit of Insurance	50,000,000	None
	Aggregate	50,000,000	None
	Employment Practices Liability	10,000,000	
	Excess Worker's Compensation		
Midwest Employers Casualty Company	Coverage A - Worker's Compensation	25,000,000	-
	Coverage B - Employers Liability	1,000,000	-
	Self Insured Retention	400,000	-
	Cash Flow Protection	175,000	-
	Student Accident - Voluntary Program		
Peoples Benefit Life Insurance Company	Benefit Period - 5 years	1,000,000	-
	Fidelity Bonds		
Western Surety	School Business Administrator/Board Secy.	400,000	None
	Asst. School Bus. Admin./Asst. Bd. Secy.	200,000	None
	Underground Storage Tank		
Commerce & Industry	Each Occurrence	2,000,000	5,000
	Annual Aggregate	2,000,000	5,000

SINGLE AUDIT SECTION

JUMP, PERRY AND COMPANY, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS
12 LEXINGTON AVENUE · TOMS RIVER, NJ · 08753 · PHONE (732) 240-7377 · FAX (732) 505-8307 · WEBSITE: jumpcpa.com

K-1

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable President and Members
of the Board of Education
Manalapan-Englishtown Regional School District
County of Monmouth, 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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey's internal 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 of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Manalapan-Englishtown Regional School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 of the Manalapan-Englishtown Regional School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

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.

Respectfully submitted,

JUMP, PERRY and COMPANY, L.L.P.
Toms River, New Jersey

Kathy Perry

Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 17, 2014

JUMP, PERRY AND COMPANY, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS
12 LEXINGTON AVENUE · TOMS RIVER, NJ · 08753 · PHONE (732) 240-7377 · FAX (732) 505-8307 · WEBSITE: jumpcpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR LETTER 04-04

Honorable President and Members
of the Board of Education
Manalapan-Englishtown Regional School District
County of Monmouth, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Manalapan-Englishtown Regional School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the New Jersey State OMB Circular 04-04 that could have a direct and material effect on each of the Manalapan-Englishtown Regional School District's major federal and state programs for the year ended June 30, 2014. The Board of Education of the Manalapan-Englishtown Regional School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 of the Manalapan-Englishtown Regional School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 and the New Jersey State OMB Circular 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Manalapan-Englishtown Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education of the Manalapan-Englishtown Regional School District's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of Manalapan-Englishtown Regional School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Manalapan-Englishtown Regional School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Manalapan-Englishtown Regional School District's internal control over compliance.

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

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

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

Respectfully submitted,

JUMP, PERRY and COMPANY, L.L.P.
Toms River, NJ
Kathy Perry
Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 17, 2014

Exhibit K-3

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior years' Balances	Deferred Revenue at June 30, 2014	(Accounts Receivable) at June 30, 2014	Due to Grantor at June 30, 2014
U.S. Department of Education												
General Fund:												
Medicaid	93.778	7/1/13-6/30/14	$ 21,813	$ -	$ -	$ 21,813	$ (21,813)	$ -	$ -	$ -	$ -	$ -
Education Jobs Fund	84.410A	7/1/12-6/30/13	$ 1,829	$ (1,829)	$ -	$ 1,829	$ -	$ -	$ -	$ -	$ -	$ -
Total General Fund				(1,829)	-	23,642	(21,813)	-	-	-	-	-
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
Food Distribution Program	10.550	7/1/13-6/30/14	105,145	-	-	105,145	(103,419)	-	-	1,726	-	-
National School Lunch Program	10.555	7/1/13-6/30/14	319,019	-	-	248,546	(319,019)	-	-	-	(70,473)	-
National School Lunch Program	10.555	7/1/12-6/30/13	306,681	(33,529)	-	33,529	-	-	-	-	-	-
Special Milk Program	10.556	7/1/13-6/30/14	2,548	-	-	1,951	(2,548)	-	-	-	(597)	-
Special Milk Program	10.556	7/1/12-6/30/13	3,313	(335)	-	335	-	-	-	-	-	-
Total Enterprise Fund				(33,864)	-	389,506	(424,986)	-	-	1,726	(71,070)	-
U.S. Department of Education												
Special Revenue Fund:												
Race to the Top Phase 3	84.413A	7/1/12-6/30/13	16,125	(16,125)	-	16,125	-	-	-	-	-	-
Passed-through State Department of Education:												
Title I	84.010A	7/1/13-6/30/14	154,191	-	-	112,908	(149,370)	-	-	-	(36,462)	-
Title I	84.010A	9/1/12-8/31/13	180,452	(47,202)	-	47,202	-	-	-	-	-	-
Title II Part A	84.367A	7/1/13-6/30/14	78,424	-	-	84,342	(89,193)	-	-	-	(4,851)	-
Title II Part A	84.367A	9/1/12-8/31/13	78,040	(8,221)	-	15,817	(7,596)	-	-	-	-	-
Title III	84.365A	7/1/13-6/30/14	16,224	-	-	6,025	(14,246)	-	-	-	(8,221)	-
Title III	84.365A	9/1/12-8/31/13	17,546	(5,181)	-	10,109	(4,928)	-	-	-	-	-
Title III Immigrant	84.365A	7/1/13-6/30/14	6,790	-	-	-	(6,784)	-	-	-	(6,784)	-
I.D.E.A. Part B Basic Regular	84.027	7/1/13-6/30/14	1,134,471	-	-	914,751	(1,155,273)	-	-	-	(240,522)	-
I.D.E.A. Part B Basic Regular	84.027	9/1/12-8/31/13	1,186,792	(477,730)	-	562,300	(84,570)	-	-	-	-	6,069
I.D.E.A. Part B Preschool	84.173	7/1/13-6/30/14	52,631	-	-	706	(51,827)	-	-	-	(51,121)	-
I.D.E.A. Part B Preschool	84.173	9/1/12-8/31/13	55,211	(12,955)	-	13,561	(606)	-	-	-	-	-
Total Special Revenue Fund				(567,414)	-	1,783,846	(1,564,393)	-	-	-	(347,961)	6,069
Total Expenditures of Federal Awards				$ (603,107)	$ -	$ 2,196,994	$ (2,011,192)	$ -	$ -	$ 1,726	$ (419,031)	$ 6,069

See accompanying notes to schedules of expenditures.

Exhibit K-4

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Awards
for the Fiscal Year ended June 30, 2014

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Final Award Amount	Balance at June 30, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2014	(Accounts Receivable) at June 30, 2014	Due to Grantor at June 30, 2014	Budgetary Receivable	Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	2,122,959	-	-	1,910,663	(2,122,959)	-	-	-	-	212,296	2,122,959
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	3,077,364		-	2,769,628	(3,077,364)	-	-	-	-	307,736	3,077,364
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	12,610,419	-	-	11,371,417	(12,610,419)	-	-	-	-	1,239,002	12,610,419
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	403,710		-	363,339	(403,710)	-	-	-	-	40,371	403,710
Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	1,476,768		-	1,329,091	(1,476,768)	-	-	-	-	147,677	1,476,768
Extraordinary Aid	14-495-034-5120-044	7/1/13-6/30/14	252,967	-	-	-	(252,967)	-	-	(252,967)	-	-	252,967
Extraordinary Aid	13-495-034-5120-044	7/1/12-6/30/13	217,274	(217,274)	-	217,274	-	-	-	-	-	-	-
Non-public transportation aid	14-495-034-5120-014	7/1/13-6/30/14	28,843	-	-	-	(28,843)	-	-	(28,843)	-	-	28,843
Non-public transportation aid	13-495-034-5120-014	7/1/12-6/30/13	33,396	(33,396)	-	33,396	-	-	-	-	-	-	-
Bully prevention aid		7/1/13-6/30/14	5,789	-	-	5,789	(5,789)	-	-	-	-	-	5,789
Reimbursed TPAF Social Security Contribution	13-495-034-5095-002	7/1/12-6/30/13	2,379,538	(118,736)	-	118,736	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	14-495-034-5095-002	7/1/13-6/30/14	2,335,145	-	-	2,220,541	(2,335,145)	-	-	(114,604)	-	-	2,335,145
Total General Fund			24,944,172	(369,406)	-	20,339,874	(22,313,964)	-	-	(396,414)	-	1,947,082	22,313,964
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Technology	13-100-034-5120-373	7/1/12-6/30/13	3,454	2,291	-	-	-	(2,291)	-	-	-	-	-
Technology	14-100-034-5120-373	7/1/13-6/30/14	1,980	-	-	1,980	(730)	-	-	-	1,250	-	-
Textbook	14-100-034-5120-064	7/1/13-6/30/14	6,911	-	-	6,911	(4,107)	-	-	-	2,804	-	-
Textbook	13-100-034-5120-064	7/1/12-6/30/13	7,133	1,159	-	-	-	(1,159)	-	-	-	-	-
Nursing	12-100-034-5120-070	7/1/13-6/30/14	9,726	-	-	9,726	(6,880)	-	-	-	2,846	-	-
Nursing	13-100-034-5120-070	7/1/12-6/30/13	10,489	196	-	-	-	(196)	-	-	-	-	-
Exam and Classification	13-100-034-5120-066	7/1/12-6/30/13	7,003	3,537	-	-	-	(3,537)	-	-	-	-	-
Exam and Classification	14-100-034-5120-066	7/1/13-6/30/14	7,003	-	-	7,003	(4,456)	-	-	-	2,547	-	-
Supplemental Instruction	14-100-034-5120-066	7/1/13-6/30/14	694	-	-	694	(694)	-	-	-	-	-	-
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	21,874	-	-	21,874	(4,687)	-	-	-	17,187	-	-
Total Special Revenue Fund			76,267	7,183	-	48,188	(21,554)	(7,183)	-	-	26,634	-	-
Debt Service Fund:													
Debt service aid	14-495-034-5120-125	7/1/13-6/30/14	507,333	-	-	507,333	(507,333)	-	-	-	-	-	-
			507,333	-	-	507,333	(507,333)	-	-	-	-	-	-
Enterprise Fund:													
State School Lunch Program	14-100-010-3360-067	7/1/13-6/30/14	21,068	-	-	15,517	(21,068)	-	-	(5,551)	-	-	-
State School Lunch Program	13-100-010-3360-067	7/1/12-6/30/13	21,613	(3,146)	-	3,146	-	-	-	-	-	-	-
			42,681	(3,146)	-	18,663	(21,068)	-	-	(5,551)	-	-	-
Total Expenditures of State Awards			$ 25,570,453	$ (365,369)	$ -	$ 20,914,058	$ (22,863,919)	$ (7,183)	$ -	$ (401,965)	$ 26,634	$ 1,947,082	$ 22,313,964

See accompanying notes to schedules of expenditures.

(1) Not subject to Single Audit

Manalapan-Englishtown Regional School District

Notes to Schedules of Expenditures of
Federal and State Awards

Year ended June 30, 2014

1. General

The accompanying schedules of expenditures of federal and state awards present the activity of all federal and state award programs of the Manalapan-Englishtown Regional School District (District). The District is defined in Note 1 to the District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented using the modified accrual basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting, and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with or reconcile to amounts reported in the basic financial statements which present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements and schedules (RSI) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal 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 of accounting with the exception of the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of

3. Relationship to Basic Financial Statements (continued)

the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last two state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last two state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $3,357 for the General Fund and ($6,926) for the Special Revenue Fund. See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the General Fund and Special Revenue Fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	TPAF	Total
General Fund	$ 21,813	$ 25,754,200	$ (3,436,879)	$ 22,339,134
Special Revenue Fund	1,564,149	21,554	-	1,585,703
Debt Service Fund	-	507,333	-	507,333
Food Service Fund	426,712	21,068	-	447,780
Total awards and financial assistance	$ 2,012,674	$ 26,304,155	$ (3,436,879)	$ 24,879,950

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.

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2014.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 04-04.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section I --Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes ___X___ no

2) Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes ___X___ none reported

Noncompliance material to basic financial statements noted? _____ yes ___X___ no

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes ___X___ no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes ___X___ none reported

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

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 Number(s)	Name of Federal Program or Cluster
84.027 84.173	IDEA Part B and Preschool - Cluster
10.555	National School Lunch Program
10.556	Special Milk Program for Children

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? ___X___ yes _____ no

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section I --Summary of Auditor's Results (cont'd.)

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: $685,918

Auditee qualified as low-risk auditee? __X_____ yes _____ no

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

Internal Control over major programs:

1) Material weakness(es) identified? _____ __ yes __X___ no

2) Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes __X___ none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? _____ yes __X___ no

Identification of major programs:

GMIS Number(s)	Name of State Program
State Aid-Public (Cluster)	
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-002	Reimbursed TPAF Social Security Contributions

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section II – Financial Statement Findings

No matters were reported for the period ended June 30, 2014.

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

No matters were reported for the period ended June 30, 2014.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Summary Schedule of Prior-Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2014

STATUS OF PRIOR YEAR FINDINGS

No matters were reported.