

**MANCHESTER REGIONAL
HIGH SCHOOL DISTRICT
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**SCHOOL DISTRICT
OF THE
PASSAIC COUNTY
MANCHESTER REGIONAL HIGH SCHOOL**

**Passaic County Manchester Regional High School
Haledon, New Jersey**

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2012**

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Passaic County

Manchester Regional High School District

Haledon, New Jersey

For The Fiscal Year Ended June 30, 2012

Prepared by

**Manchester Regional High School District
Board of Education**

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INTRODUCTORY SECTION

October 2012

Honorable President and
Members of the Board of Education
Passaic County Manchester Regional High School District
Haledon, NJ 07508

Dear Board Members:

The comprehensive annual financial report of the Manchester Regional High School District, (District) for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis, the basic financial statements and schedules, as well as the auditor's report, thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, findings and recommendations, are included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** The Manchester Regional High School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB #14 Statement No. 3. All funds and account groups of the District are included in this report. The Manchester Regional High School Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12, including regular, technological as well as special education services. The district completed the 2011 – 2012 fiscal year with an average daily enrollment of 896 students which is 76 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2011-12	896	9.27%
2010-11	820	7.4%
2009-10	763	(0.3%)
2008-09	787	(6.3%)
2007-08	840	5.9%
2006-07	793	3.8%
2005-06	763	.8%
2004-05	754	(4.3%)
2003-04	788	7.4%
2002-03	734	1.1%
2001-02	726	(3.8%)
2000-01	755	14.5%

- 2) **ECONOMIC OUTLOOK:** The Haledon, North Haledon and Prospect Park Boroughs, which comprise the Manchester Regional High School District, are experiencing limited economic development and growth. The single largest corporation in Haledon closed a few years ago and moved its operations out of state. This caused a significant impact on the tax base. These communities reflect the overall business climate of North Jersey which has endured the loss of many manufacturing companies and is not keeping pace with the rest of the country. New unemployment claims continue to rise in recent quarterly reports.

It is not expected that there will be any strong economic growth or expansion in the region in the near future.

- 3) **MAJOR INITIATIVES:** The 2011 – 2012 school year initiatives included new smart boards in several classrooms. This allowed for a better blending of technology with the education initiatives of the district. In addition, a wireless network was set up for the school. The TV/Video production classes continued to grow to further support Manchester TV Channel 77, the school's public channel accessible to Haledon and North Haledon residents. The textbook replacement program provided new and updated textbooks for several classes to support classroom instruction in line with the New Jersey Core Content Standards. The cooperative program with Bergen County Special Services was expanded to provide leadership resources to support students with special needs. A number of rooms received new desks to replace damaged desks. Work on the roof continued, as two sections of the roof were replaced. The district also worked on improving the overall look of the building, installing new lights and a ceiling in a hallway. An electronic marquee was installed at the front entrance of the building. All classrooms benefited from the installation of new computers, which will better facilitate student presentations as well as classroom management via the student information management system. The expansion of a 2nd year of college level French in conjunction with the Passaic County Community College program provided students an additional opportunity to expand their foreign language ability while earning college credits in high

school. Six student computers are now in the Environmental Science room adding an additional computer supported science lab. An LCD projector and Promethean Board for both teacher and student use complete the lab.

The 2012 – 2013 school year initiatives include replacing the track, continuing the replacement of sections of the roof, replacing the bleachers in the gymnasium, replacing classroom floor tiles, and installing electric hand dryers in all student bathrooms. Other roof repair work will be on going to address leaks around the building. Additional teaching staff may be hired to reduce class size. For 12th graders who have not yet passed the HSPA, AHSA courses in both English and math are taught within the school day. Instructors teach specific skills to students not yet proficient in cluster areas of one of both testing areas. Students are also preparing for the Alternative High School Assessment (AHSA) should they not pass the HSPA. In the event that a student must appeal to the NJDOE for graduation, work product from this class will be in the student's portfolio.

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data 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 establishing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district management.

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

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

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

- 6) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 7) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
- 8) **OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo and Cuva, P.A. conducted this annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
- 9) **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Board of Education, for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our educational 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,

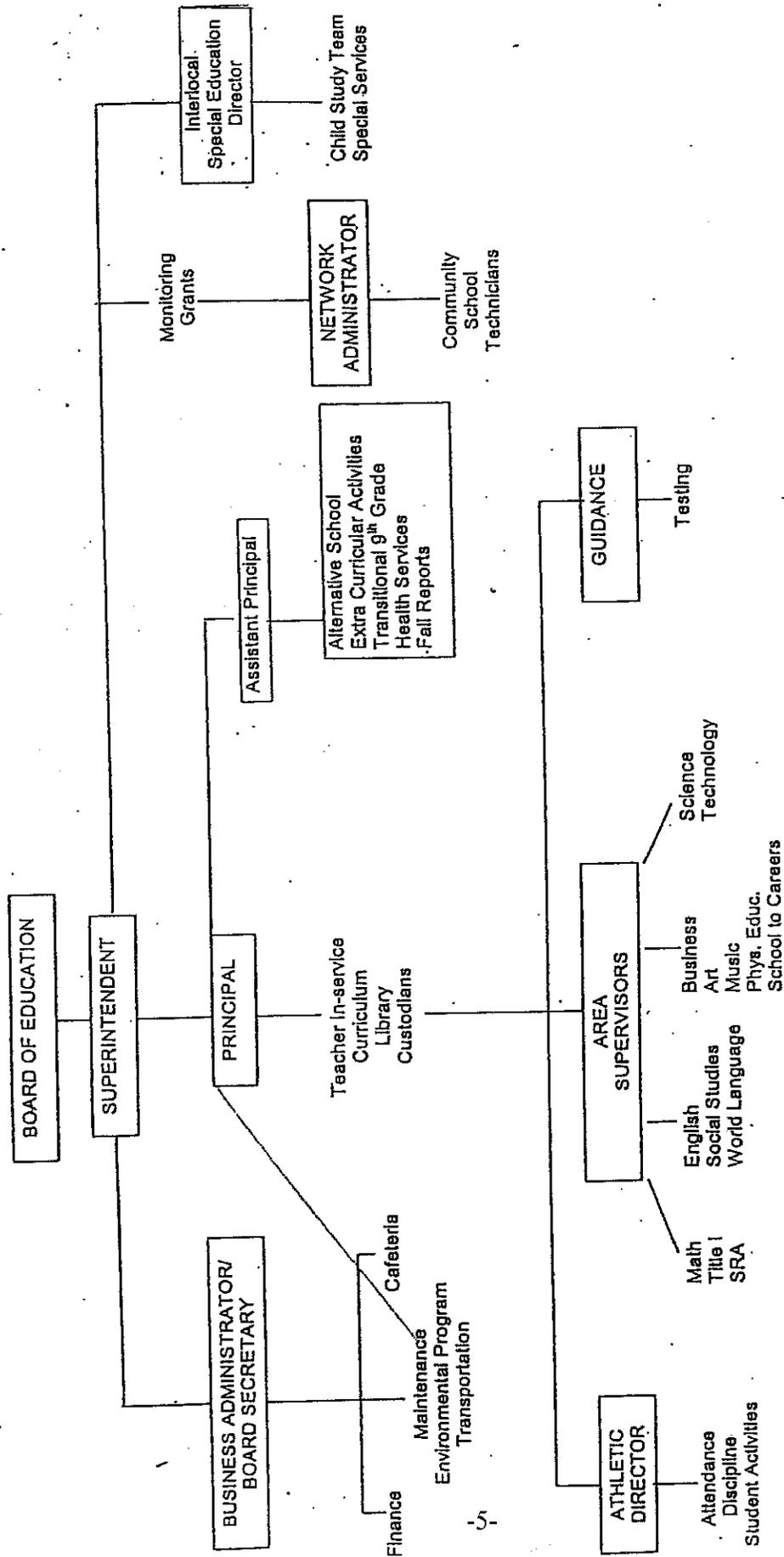


Richard D. Ney, Ed.D.
Superintendent



John A. Serapiglia, Jr.
Business Administrator/Board Secretary

MANCHESTER REGIONAL HIGH SCHOOL ORGANIZATIONAL STRUCTURE



ADOPTED: May 1, 2003

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
BOARD OF EDUCATION
HALEDON, NJ**

**ROSTER OF OFFICIALS
JUNE 30, 2012**

Members of the Board of Education

Name	Town	Term Expires
Michael Boyle	Haledon	2014
Albert Demarest	Prospect Park	2014
Joseph Ferrante	North Haledon	2015
Ellen Fischer	Haledon	2014
Jeffrey Fischer	Haledon	2013
Joseph Foti	North Haledon	2013
Michael Galluccio	North Haledon	2013
Dr. Edward Domanico	North Haledon	2013
John Vander Molen	Prospect Park	2015

Other Officials

Richard J. Ney, Ed. D, Superintendent

John A. Serapiglia, Jr. Business Administrator/Board Secretary

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Attorney

Fogarty & Hara
Counsellors at Law
16-02 Rt. 208 South
Fair Lawn, NJ 07410

Architect

Di Cara / Rubino Architects
30 Galesi Drive, West Wing
Wayne, NJ 07470

Official Depository

TD Bank North
1000 Mac Arthur Boulevard
Mahwah, NJ 07430

FINANCIAL SECTION

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

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401 Wanaque Avenue
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973-835-7900
Fax 973-835-6631

Newton Office
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Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Manchester Regional High School District
County of Passaic, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Board of Education of the Manchester Regional High School District, in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Manchester Regional High School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Manchester Regional High School Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the Manchester Regional High School Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

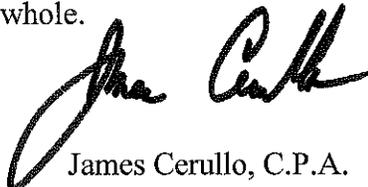
Honorable President and
Members of the Board of Education
Page 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012 on our consideration of the Manchester Regional High School Board of Education's internal control over financial reporting and 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 the internal control over financial reporting or compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 19 and 54 through 62 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Manchester Regional High School Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The discussion and analysis of the Manchester Regional High School Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net assets increased \$945,719.03. Net assets of governmental activities increased \$903,062.10 while net assets of business-type activity increased by \$42,656.93.
- General revenues accounted for \$16,521,194.98 in revenue or 86.70 percent of all District revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,534,515.31 or 13.30 percent of total revenues of \$19,055,710.29.
- The School District had \$16,851,991.54 in expenses related to governmental activities; only \$1,202,608.66 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$16,552,444.98 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (government-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net assets and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Manchester Regional High School Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED, (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

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

- **Governmental Activities** – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-type Activities** – These services are provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The food service program, community service program and technology program are reported as a business-type activities.

The two statements report the District's net assets and changes in them. The change in net assets can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Manchester Regional High School Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities).

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED, (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Manchester Regional High School Board of Education maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue and capital project funds, which are considered to be major funds.

The Manchester Regional High School Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Manchester Regional High School Board of Education uses proprietary funds to account for its food service program, community service program and technology program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED, (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets provides the perspective of the District as a whole. Net assets may, over time, serve 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.

The School District's net assets were \$6,391,545.52 at June 30, 2012 and \$5,445,826.49 at June 30, 2011. Restricted net assets are reported separately to show legal constraints that limit the School District's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets for 2012 compared to 2011 (Table 1) and change in net assets (Table 2) of the School District.

Table 1

**Net Assets
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets						
Current and Other Assets	3,628,660.99	3,135,762.03	568,590.53	685,103.17	4,197,251.52	3,820,865.20
Capital Assets	<u>3,331,688.60</u>	<u>2,359,967.28</u>	<u>198,059.98</u>	<u>182,790.02</u>	<u>3,529,748.58</u>	<u>2,542,757.30</u>
Total Assets	<u>6,960,349.59</u>	<u>5,495,729.31</u>	<u>766,650.51</u>	<u>867,893.19</u>	<u>7,727,000.10</u>	<u>6,363,622.50</u>
Liabilities						
Current Liabilities	1,236,022.60	699,419.42	43,086.98	186,986.59	1,279,109.58	886,406.01
Noncurrent Liabilities	<u>56,345.00</u>	<u>31,390.00</u>	_____	_____	<u>56,345.00</u>	<u>31,390.00</u>
Total Liabilities	<u>1,292,367.60</u>	<u>730,809.42</u>	<u>43,086.98</u>	<u>186,986.59</u>	<u>1,335,454.58</u>	<u>917,796.01</u>
Net Assets						
Invested in Capital						
Assets - Net of Debt	3,331,688.60	2,359,967.28	198,059.98	182,790.02	3,529,748.58	2,542,757.30
Restricted	2,452,999.16	2,593,395.09			2,452,999.16	2,593,395.09
Unrestricted	<u>(116,705.77)</u>	<u>(188,442.48)</u>	<u>525,503.55</u>	<u>498,116.58</u>	<u>408,797.78</u>	<u>309,674.10</u>
Total Net Assets	<u>5,667,981.99</u>	<u>4,764,919.89</u>	<u>723,563.53</u>	<u>680,906.60</u>	<u>6,391,545.52</u>	<u>5,445,826.49</u>

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED, (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net assets for fiscal year 2012 compared to 2011.

Table 2

**Changes in Net Assets
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues:						
Charges for Services and Sales	247,108.10	368,447.01	918,068.90	778,940.26	1,165,177.00	1,147,387.27
Operating Grants and Contributions	955,500.56	1,286,409.19	413,837.75	342,521.58	1,369,338.31	1,628,930.77
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	9,935,288.00	9,740,478.00			9,935,288.00	9,740,478.00
Federal and State Aid						
Not Restricted	6,604,904.74	5,654,539.40			6,604,904.74	5,654,539.40
State Facilities Grant		274,800.01			0.00	274,800.01
Tuition	557.87	117,421.68			557.87	117,421.68
Investment Earnings		4,767.69		751.37	0.00	5,519.06
Miscellaneous Income	11,694.37	7,336.39			11,694.37	7,336.39
Cancelled Accounts Receivable			(31,250.00)		(31,250.00)	
Total Revenues and Transfers	<u>17,755,053.64</u>	<u>17,454,199.37</u>	<u>1,300,656.65</u>	<u>1,122,213.21</u>	<u>19,055,710.29</u>	<u>18,576,412.58</u>

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED, (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Functions/Program Expenses	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>2012</u>	<u>Total</u> <u>2011</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>		
Instruction:						
Regular	5,270,056.09	5,624,780.29			5,270,056.09	5,624,780.29
Special Education	827,788.74	592,334.22			827,788.74	592,334.22
Other Special						
Instruction	39,959.39	69,388.76			39,959.39	69,388.76
Other Instruction	389,257.00	419,596.27			389,257.00	419,596.27
Community Service		955.39			0.00	955.39
Support Services:						
Tuition	3,754,167.62	4,462,458.83			3,754,167.62	4,462,458.83
Student & Instruction						
Related Services	2,203,424.02	1,564,542.49			2,203,424.02	1,564,542.49
School Administrative						
Services	462,779.24	480,648.67			462,779.24	480,648.67
General Administrative						
Services	588,280.87	654,812.41			588,280.87	654,812.41
Central Services and						
Admin. Info. Tech.	426,887.20	375,299.50			426,887.20	375,299.50
Plant Operations and						
Maintenance	984,301.55	884,044.19			984,301.55	884,044.19
Pupil Transportation	820,990.28	792,205.88			820,990.28	792,205.88
Unallocated Benefits	962,018.04	689,418.93			962,018.04	689,418.93
Charter Schools	15,846.00				15,846.00	0.00
Capital Outlay - Non-						
Depreciable	1,319.00	1,768.00			1,319.00	1,768.00
Unallocated depreciation	104,916.50	45,779.40			104,916.50	45,779.40
Food Service			505,773.97	432,795.51	505,773.97	432,795.51
Technology Services			<u>752,225.75</u>	<u>641,973.19</u>	<u>752,225.75</u>	<u>641,973.19</u>
Total Expenses and						
Transfers	<u>16,851,991.54</u>	<u>16,658,033.23</u>	<u>1,257,999.72</u>	<u>1,074,768.70</u>	<u>18,109,991.26</u>	<u>17,732,801.93</u>
Increase or (Decrease) in						
Net Assets	<u>903,062.10</u>	<u>796,166.14</u>	<u>42,656.93</u>	<u>47,444.51</u>	<u>945,719.03</u>	<u>843,610.65</u>

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED, (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities, the cost of all of our governmental and business-type activities this year was \$18,109,991.26. However the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$9,935,288.00 because some of the cost was paid by those who benefitted from the programs \$1,165,177.00, by other governments and organizations who subsidized certain programs with grants and contributions \$1,369,338.31 and by miscellaneous sources \$6,585,906.98.

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service expenses exceeded revenues by \$10,968.36.
- ✓ Charges for services provided totaled \$80,967.86. This represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$413,837.75.
- ✓ Technology program revenue exceeded expenses by \$84,875.29.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2012, the School District amended the budgets of these major governmental funds 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. Several of these revisions bear notation:

- The general fund was increased by \$567,683.10 for improvements to district facilities and for additional aid for teacher's salaries.
- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$240,387.38 for increase in federal and state grant awards.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED, (CONTINUED)**

General Fund

The general fund actual revenue was \$16,996,509.08. That amount is \$1,316,331.08 above the final amended budget of \$15,680,178.00. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$937,063.04 for TPAF social security reimbursements and on-behalf pension payments and a \$379,268.04 excess in miscellaneous anticipated revenues and other state aids.

The actual expenditures of the general fund were \$16,876,182.65 including transfers which is \$374,571.06 below the final amended budget of \$17,250,753.71. The variance between the actual expenditures and final budget was due to non-budget on-behalf TPAF social security and pension payments of \$937,063.04 and \$1,311,634.10 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$935,884.67. That amount is above the original budget estimate of \$839,408.00 and below the final amended budget of \$1,079,795.38. The \$240,387.38 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The \$143,910.71 variance between the final amended budget and the June 30, 2012 actual results was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year.

The actual expenditures of the special revenue fund were \$935,884.67, which is above the original budget of \$839,408.00 and below the final amended budget of \$1,079,795.38. The \$240,387.38 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The \$143,910.71 variance between the final amended budget and the June 30, 2012 actual results was due to the anticipation of fully expending federal and state grant programs. Expenditures will be incurred in the next fiscal year.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED, (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2012 the School District had \$8,521,847.14 invested in sites, buildings and equipment, and construction in progress. Of this amount, \$4,992,098.56 in depreciation has been taken over the years. We currently have a net book value of \$3,529,748.58. Total additions for the year were \$1,133,659.83, the majority of which was for construction in progress, food service equipment, technology and maintenance equipment. Table 3 shows fiscal year 2012 balances compared to 2011.

**Table 3
Capital assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Construction in Progress	<u>996,205.94</u>	798,022.34			996,205.94	798,022.34
Land Improvements		57.50			0.00	57.50
Buildings and Improvements	2,049,902.59	1,194,751.17			2,049,902.59	1,194,751.17
Furniture, Equipment And Vehicles	<u>285,580.07</u>	<u>367,136.27</u>	<u>198,059.98</u>	<u>182,790.02</u>	<u>483,640.05</u>	<u>549,926.29</u>
	<u>3,331,688.60</u>	<u>2,359,967.28</u>	<u>198,059.98</u>	<u>182,790.02</u>	<u>3,529,748.58</u>	<u>2,542,757.30</u>

Debt Administration

At June 30, 2012, the District had \$56,345.00 of long-term debt. Of this amount, \$56,345.00 is for compensated absences.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED, (CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The final phase of the Regional funding formula went into effect for the 2010-2011 school year. This resulted in lower taxes for North Haledon; however, Haledon and Prospect Park increased. It is anticipated that % of increase/decrease will begin to level out. However, the current economic status of Haledon and Prospect Park will continue to make it difficult to pass school budgets in the immediate future.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Manchester Regional High School Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

John A. Serapiglia, Jr.
School Business Administrator
Manchester Regional High School Board of Education
70 Church Street
Haledon, New Jersey 07508

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	87,490.28	520,361.49	607,851.77
Receivables, net	1,512,443.43	47,298.03	1,559,741.46
Inventory		931.01	931.01
Restricted Assets:			
Reserve Accounts - Cash	2,028,727.28		2,028,727.28
Capital Assets, net :			
Construction in Progress	996,205.94		996,205.94
Depreciable Building and Improvements and Machinery and Equipment	2,335,482.66	198,059.98	2,533,542.64
Total Assets	<u>6,960,349.59</u>	<u>766,650.51</u>	<u>7,727,000.10</u>
LIABILITIES			
Cash Deficits	574,716.45		574,716.45
Accounts Payable and Accrued Liabilities	600,497.99	29,947.00	630,444.99
Interfunds Payable	-	13,139.98	13,139.98
Payable to Federal Government	1,031.69		1,031.69
Payable to State Government	52,869.62		52,869.62
Payable to Other Government's	4,252.00		4,252.00
Deferred Revenue	2,654.85	-	2,654.85
Noncurrent Liabilities:			
Due beyond one year	56,345.00		56,345.00
Total Liabilities	<u>1,292,367.60</u>	<u>43,086.98</u>	<u>1,335,454.58</u>
NET ASSETS			
Invested in Capital Assets, net of Related Debt	3,331,688.60	198,059.98	3,529,748.58
Restricted for:			
Capital Projects	1,407,204.26		1,407,204.26
Other Purposes	1,045,794.90		1,045,794.90
Unrestricted (Deficit)	(116,705.77)	525,503.55	408,797.78
Total Net Assets	<u>5,667,981.99</u>	<u>723,563.53</u>	<u>6,391,545.52</u>

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	4,302,965.83	967,090.26	49,701.60	618,782.91	(4,601,571.58)		(4,601,571.58)
Special Education	650,215.02	177,573.72			(827,788.74)		(827,788.74)
Other Special Instruction	31,424.27	8,555.12			(39,959.39)		(39,959.39)
Other Instruction	321,537.11	67,719.89			(389,257.00)		(389,257.00)
Support services:							
Tuition	3,754,167.62	-			(3,754,167.62)		(3,754,167.62)
Student & Instruction Related Services	2,009,986.23	193,437.79		336,717.65	(1,866,706.37)		(1,866,706.37)
School Administrative Services	356,561.57	106,217.67			(462,779.24)		(462,779.24)
General Administrative Services	353,910.61	234,370.26			(588,280.87)		(588,280.87)
Central Services & Admin. Info. Technology	359,102.13	67,785.07			(426,887.20)		(426,887.20)
Plant Operations and Maintenance	896,593.13	87,708.42	197,406.50		(984,301.55)		(984,301.55)
Pupil Transportation	820,990.28	-			(623,583.78)		(623,583.78)
Unallocated Benefits	962,018.04	-			(962,018.04)		(962,018.04)
Charter Schools	15,846.00	-			(15,846.00)		(15,846.00)
Capital Outlay - Non-depreciable	1,319.00	-			(1,319.00)		(1,319.00)
Unallocated Depreciation	104,916.50	-			(104,916.50)		(104,916.50)
Total Governmental Activities	14,941,553.34	1,910,438.20	247,108.10	955,500.56	(15,649,382.88)		(15,649,382.88)
Business-type Activities:							
Food Service	505,773.97		80,967.86	413,837.75		(10,968.36)	(10,968.36)
Interlocal Technology Program	752,225.75		837,101.04			84,875.29	84,875.29
Total Business-type Activities	1,257,999.72		918,068.90	413,837.75		73,906.93	73,906.93
Total Primary Government	16,199,553.06		1,165,177.00	1,369,338.31	(15,649,382.88)		(15,575,475.95)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					9,935,288.00		9,935,288.00
Federal and State Aid not Restricted					6,604,904.74		6,604,904.74
Investment Earnings					557.87		557.87
Miscellaneous Income					11,694.37		11,694.37
Cancelled Accounts Receivable					(31,250.00)		(31,250.00)
Total General Revenues, Special Items, Extraordinary Items and Transfers					16,532,444.98		16,521,194.98
Change in Net Assets					903,062.10	42,656.93	945,719.03
Net Assets—Beginning (Restated)					4,764,919.89	680,906.60	5,445,826.49
Net Assets—Ending					5,667,981.99	723,563.53	6,391,545.52

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

FUND FINANCIAL STATEMENTS

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents		21,563.69	65,926.59	87,490.28
Tax Levy Receivable	941,588.98			941,588.98
Interfund Receivables	17,222.14			17,222.14
Receivables from Other Governments	238,455.63	127,498.05	187,678.63	553,632.31
Restricted Cash and Cash Equivalents	<u>2,028,727.28</u>			<u>2,028,727.28</u>
Total Assets	<u>3,225,994.03</u>	<u>149,061.74</u>	<u>253,605.22</u>	<u>3,628,660.99</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash Deficit	574,716.45			574,716.45
Accounts Payable	506,568.51	92,505.58	1,423.90	600,497.99
Payable to Federal Government		1,031.69		1,031.69
Payable to State Government		52,869.62		52,869.62
Payable to Other Government	4,252.00			4,252.00
Deferred Revenue		<u>2,654.85</u>		<u>2,654.85</u>
Total Liabilities	<u>1,085,536.96</u>	<u>149,061.74</u>	<u>1,423.90</u>	<u>1,236,022.60</u>
Fund Balances:				
Restricted for:				
Emergency Reserve	201,081.44			201,081.44
Maintenance Reserve	166,702.90			166,702.90
Capital Reserve Account	1,155,022.94			1,155,022.94
Tuition Reserve	505,920.00			505,920.00
Capital Projects			252,181.32	252,181.32
Committed to:				
Other Purposes	172,090.56			172,090.56
Assigned to:				
Designated by the BOE for				
Subsequent Year's Expenditures	69,528.00			69,528.00
Unassigned:				
General Fund	<u>(129,888.77)</u>			<u>(129,888.77)</u>
Total Fund Balances	<u>2,140,457.07</u>		<u>252,181.32</u>	<u>2,392,638.39</u>
Total Liabilities and Fund Balances	<u>3,225,994.03</u>	<u>149,061.74</u>	<u>253,605.22</u>	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,191,413.76 and the accumulated depreciation is \$4,859,725.16

3,331,688.60

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(56,345.00)

Net assets of governmental activities

5,667,981.99

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	9,935,288.00			9,935,288.00
Other Local Government Units - Restricted	49,701.60			49,701.60
Transportation Fees	197,406.50			197,406.50
Interest Earned on Capital Reserve Funds	557.87			557.87
Miscellaneous	11,694.37			11,694.37
Total - Local Sources	<u>10,194,648.34</u>			<u>10,194,648.34</u>
State Sources	6,457,664.42	496,603.95		6,954,268.37
Federal Sources	147,240.32	458,896.61		606,136.93
Total Revenues	<u>16,799,553.08</u>	<u>955,500.56</u>		<u>17,755,053.64</u>
EXPENDITURES				
Current:				
Regular Instruction	3,684,182.92	618,782.91		4,302,965.83
Special Education Instruction	650,215.02			650,215.02
Other Special Instruction	31,424.27			31,424.27
Other Instruction	321,537.11			321,537.11
Support Services and Undistributed Costs:				
Tuition	3,754,167.62			3,754,167.62
Student & Instruction Related Services	1,673,268.58	336,717.65		2,009,986.23
School Administrative Services	356,561.57			356,561.57
General Administrative Services	353,910.61			353,910.61
Central & Admin. Inf. Technology	359,102.13			359,102.13
Plant Operations and Maintenance	896,593.13			896,593.13
Pupil Transportation	820,990.28			820,990.28
Unallocated Benefits	2,820,426.23			2,820,426.23
Capital Outlay	478,457.18		626,574.65	1,105,031.83
Transfer of Funds to Charter School	15,846.00			15,846.00
Total Expenditures	<u>16,216,682.65</u>	<u>955,500.56</u>	<u>626,574.65</u>	<u>17,798,757.86</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>582,870.43</u>		<u>(626,574.65)</u>	<u>(43,704.22)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			659,500.00	659,500.00
Transfers out	(659,500.00)			(659,500.00)
Total other financing sources and (uses)	<u>(659,500.00)</u>		<u>659,500.00</u>	
Net Change in Fund Balances	(76,629.57)		32,925.35	(43,704.22)
Fund Balance—July 1	2,217,086.64		219,255.97	2,436,342.61
Fund Balance—June 30	<u>2,140,457.07</u>		<u>252,181.32</u>	<u>2,392,638.39</u>

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012

Total net change in fund balances - governmental funds (from B-2) (43,704.22)

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	(131,991.51)	
	Depreciable Capital Outlays	<u>1,103,712.83</u>	971,721.32

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(Increase)/Decrease in Compensated Absences Payable (24,955.00)

Change in net assets of governmental activities

903,062.10

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Fund			Total Enterprise Fund
	Food Service Program	Community Services Program	Interlocal Technology Program	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	162,856.68	14,948.09	342,556.72	520,361.49
Accounts Receivable:				
State	466.14			466.14
Federal	31,603.56			31,603.56
Other			15,228.33	15,228.33
Inventories	931.01			931.01
Total Current Assets	<u>195,857.39</u>	<u>14,948.09</u>	<u>357,785.05</u>	<u>568,590.53</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	330,433.38			330,433.38
Less Accumulated Depreciation	(132,373.40)			(132,373.40)
Total Capital Assets (Net of Accumulated Depreciation)	<u>198,059.98</u>			<u>198,059.98</u>
Total Assets	<u>393,917.37</u>	<u>14,948.09</u>	<u>357,785.05</u>	<u>766,650.51</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	29,947.00			29,947.00
Interfunds Payable	13,139.98			13,139.98
Total Current Liabilities	<u>43,086.98</u>			<u>43,086.98</u>
Total Liabilities	<u>43,086.98</u>			<u>43,086.98</u>
NET ASSETS				
Invested in Capital Assets Net of Related Debt	198,059.98			198,059.98
Unrestricted	152,770.41	14,948.09	357,785.05	525,503.55
Total Net Assets	<u>350,830.39</u>	<u>14,948.09</u>	<u>357,785.05</u>	<u>723,563.53</u>

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities -			Total
	Enterprise Fund			
	Food Service	Community	Interlocal	Enterprise
	Program	Services	Technology	Fund
	Program	Program	Program	Fund
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	51,479.51			51,479.51
Daily Sales - Non-Reimbursable Programs	26,253.20			26,253.20
Special Functions	3,235.15			3,235.15
Miscellaneous			837,101.04	837,101.04
Total Operating Revenues	<u>80,967.86</u>		<u>837,101.04</u>	<u>918,068.90</u>
Operating Expenses:				
Cost of Sales	237,335.83			237,335.83
Salaries	161,670.57		566,297.78	727,968.35
Supplies and Materials	15,319.78		10,522.47	25,842.25
Employee Benefits	39,286.60		161,448.00	200,734.60
Cleaning Repair & Maintenance	7,447.25			7,447.25
Purchased Services	30,036.90		13,957.50	43,994.40
Depreciation	14,677.04			14,677.04
Total Operating Expenses	<u>505,773.97</u>		<u>752,225.75</u>	<u>1,257,999.72</u>
Operating Income (Loss)	<u>(424,806.11)</u>		<u>84,875.29</u>	<u>(339,930.82)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,863.94			5,863.94
Federal Sources:				
National School Lunch Program	262,051.01			262,051.01
National School Breakfast Program	118,707.45			118,707.45
Food Distribution Program	27,215.35			27,215.35
Total Nonoperating Revenues (Expenses)	<u>413,837.75</u>			<u>413,837.75</u>
Income (Loss) Before Contributions & Transfers	<u>(10,968.36)</u>		<u>84,875.29</u>	<u>73,906.93</u>
Other Financing Sources/(Uses)				
Cancelled Accounts Receivable			(31,250.00)	(31,250.00)
Change in Net Assets	(10,968.36)		53,625.29	42,656.93
Total Net Assets—Beginning	<u>361,798.75</u>	<u>14,948.09</u>	<u>304,159.76</u>	<u>680,906.60</u>
Total Net Assets—Ending	<u><u>350,830.39</u></u>	<u><u>14,948.09</u></u>	<u><u>357,785.05</u></u>	<u><u>723,563.53</u></u>

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities -			Total
	Enterprise Fund			
	Food Service	Community	Interlocal	Enterprise
	Program	Services	Technology	Fund
	Program	Program	Program	Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	80,967.86		821,872.71	902,840.57
Payments for Interfunds	(152,729.11)			(152,729.11)
Payments to Employees	(150,924.03)		(566,297.78)	(717,221.81)
Payments for Employee Benefits	(33,975.63)		(161,448.00)	(195,423.63)
Payments to Suppliers	(213,986.69)		(15,922.47)	(229,909.16)
Payments for Miscellaneous Expenses	(9,080.85)		(13,957.50)	(23,038.35)
Net Cash Provided by (Used for) Operating Activities	<u>(479,728.45)</u>		<u>64,246.96</u>	<u>(415,481.49)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	5,232.34			5,232.34
Federal Sources	339,788.90			339,788.90
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>345,021.24</u>			<u>345,021.24</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(29,947.00)			(29,947.00)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(29,947.00)</u>			<u>(29,947.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Increase (Decrease) in Cash and Cash Equivalents	(164,654.21)		64,246.96	(100,407.25)
Balances—Beginning of Year	327,510.89	14,948.09	278,309.76	620,768.74
Balances—End of Year	<u>162,856.68</u>	<u>14,948.09</u>	<u>342,556.72</u>	<u>520,361.49</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(424,806.11)		84,875.29	(339,930.82)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:				
Depreciation and Net Amortization	14,677.04			14,677.04
Food Distribution Program Donated Commodities	27,215.35			27,215.35
(Increase) Decrease in Accounts Receivable, Net			(15,228.33)	(15,228.33)
(Increase) Decrease in Inventories	411.79			411.79
Increase (Decrease) in Accounts Payable	29,947.00		(5,400.00)	24,547.00
Increase (Decrease) in Other Current Liabilities	(127,173.52)			(127,173.52)
Total Adjustments	<u>(54,922.34)</u>		<u>(20,628.33)</u>	<u>(75,550.67)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(479,728.45)</u>		<u>64,246.96</u>	<u>(415,481.49)</u>

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Unemployment Compensation Trust Fund	Memorial Special Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	450,479.85	1,299.57	374,523.25
Interfund Receivable			1,532.38
Total Assets	450,479.85	1,299.57	376,055.63
LIABILITIES			
Payable to Student Groups			117,847.42
Interfund Payable	1,432.38		4,182.16
Payroll Deductions and Withholdings			254,026.05
Total Liabilities	1,432.38		376,055.63
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	449,047.47		
Reserved for Other Purposes		1,299.57	

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	Unemployment Compensation Trust Fund	Memorial Special Trust Fund
ADDITIONS		
Contributions:		
Plan Member	14,290.73	
Board	127,233.34	
Total Contributions	141,524.07	
Total Additions	141,524.07	
DEDUCTIONS		
Unemployment Claims	75,972.24	
Total Deductions	79,072.03	
Change in Net Assets	62,452.04	
Net Assets—Beginning of the Year	386,595.43	1,299.57
Net Assets—End of the Year	449,047.47	1,299.57

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

NOTES TO THE FINANCIAL STATEMENTS

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Manchester Regional High School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Manchester Regional High School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades 9-12. The School District serves the high school needs of the Boroughs of Haledon, North Haledon and Prospect Park. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Manchester Regional High School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board’s accounting policies are described below.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation:

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

District-wide Financial Statements:

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

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

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

General Fund - The General Fund is the general operating fund of the Board. 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 noninstructional equipment which are classified in the Capital Outlay subfund.

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

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

Special Revenue Fund - The 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 sale of bonds, lease purchases and other revenues.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS, (continued)

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.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board 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 Board 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 Board's Enterprise Fund is comprised of the Food Service Fund, Interlocal Technology Program and the Community School Programs.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net assets and changes in net assets. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, the Memorial/Scholarship Funds, Student Activities Fund and Payroll Agency Fund.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made supplemental budgetary appropriations during the fiscal year in the amount of \$659,500.00 for capital projects.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Budgets/Budgetary Control: (continued)

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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

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 Board 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.

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.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Cash, Cash Equivalents and Investments: (continued)

Additionally, the Board 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 the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having 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.

G. Tuition Payable:

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

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

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net assets and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

L. 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 Board 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 Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

L. Compensated Absences: (continued)

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in 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, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Fund Balances: (continued)

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

P. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. 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 as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2012, \$0- of the District's bank balance of \$3,080,087.50 was exposed to custodial credit risk.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES

Receivables at June 30, 2012, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
Tax Levy	\$941,588.98	\$	\$941,588.98
State Aid	409,457.33	466.14	409,923.47
Federal Aid	140,121.73	31,603.56	171,725.29
Interfunds	17,222.14		17,222.14
Other	<u>4,053.25</u>	<u>15,228.33</u>	<u>19,281.58</u>
Gross Receivables	1,512,443.43	47,298.03	1,559,741.46
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$1,512,443.43</u>	<u>\$47,298.03</u>	<u>\$1,559,741.46</u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2012, consist of the following:

\$1,432.38	Due to the Payroll Agency Fund from the Unemployment Compensation Trust Fund for Unemployment bills paid by Payroll Agency.
100.00	Due to Payroll Agency Fund from Flex Spending Fund for short-term loan.
4,082.16	Due to the General Fund from the Payroll and Payroll Agency Fund for excess deposits.
<u>13,139.98</u>	Due to the General Fund from the Enterprise Fund to reimburse the General Fund for expenditures for goods or services.
<u>\$18,754.52</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

Interfund transfers for the year ended June 30, 2012 consisted of the following:

\$659,500.00 from the General Fund to the Capital Projects Fund for the local share of facility projects.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Restated Balance 6/30/11	Additions	Deductions	Balance 6/30/12
Governmental Activities				
Capital Assets that are Not Being Depreciated				
Construction in Progress	\$798,022.34	\$531,418.57	\$(333,234.97)	\$996,205.94
Capital Assets Being Depreciated				
Land Improvements	197,400.00			197,400.00
Buildings and Improvements	5,495,777.26	473,364.88	333,234.97	6,302,377.11
Furniture, Equipment and Vehicles	749,850.36	98,929.38	(152,384.03)	696,395.71
Total Capital Assets, Being Depreciated	<u>6,443,027.62</u>	<u>572,294.26</u>	<u>180,850.94</u>	<u>7,196,172.82</u>
Less Accumulated Depreciation:				
Land Improvements	(197,342.50)	(57.50)		(197,400.00)
Buildings and Improvements	(4,300,676.47)	(64,977.26)	113,528.83	(4,252,124.90)
Furniture, Equipment and Vehicles	(382,098.71)	(66,956.75)	38,855.20	(410,200.26)
Total Accumulated Depreciation	<u>(4,880,117.68)</u>	<u>(131,991.51)</u>	<u>152,384.03</u>	<u>(4,859,725.16)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,562,909.94</u>	<u>440,302.75</u>	<u>333,234.97</u>	<u>2,336,447.66</u>
Governmental Activities Capital Assets, Net	<u>\$2,360,932.28</u>	<u>\$971,721.32</u>	<u>\$0.00</u>	<u>\$3,332,653.60</u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 6. CAPITAL ASSETS, (continued)

	<u>Balance 6/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/12</u>
Business-Type Activity				
Equipment	\$300,486.38	\$29,947.00	\$	\$330,433.38
Less Accumulated Depreciation				
Equipment	<u>(117,696.36)</u>	<u>(14,677.04)</u>	_____	<u>(132,373.40)</u>
Business-Type Activity Capital Assets, Net	<u>\$182,790.02</u>	<u>\$15,269.96</u>	=====	<u>\$198,059.98</u>

Depreciation expense was charged to governmental functions as follows:

Instructional - Regular	\$9,152.45
School Administrative Services	11,908.04
Plant Operations and Maintenance	4,601.97
Unallocated Depreciation	<u>106,329.05</u>
	<u>\$131,991.51</u>

NOTE 7. OPERATING LEASES

The District has commitments to lease copiers under an operating lease that expires in 2013. Total operating lease payments made during the year ended June 30, 2012 were \$40,880.64. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
6/30/13	<u>\$10,220.88</u>
Total future minimum lease payments	<u>\$10,220.88</u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 8. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the year ended June 30, 2012, were as follows:

	<u>Balance June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	<u>\$31,390.00</u>	<u>\$27,900.00</u>	<u>(\$2,945.00)</u>	<u>\$56,345.00</u>	<u>\$ -0-</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. At June 30, 2012 the board had no bonds payable.

B. Bonds Authorized But Not Issued:

As of June 30, 2012 the Board has no authorized but not issued bonds.

C. Capital Leases Payable:

The District had no capital leases outstanding at June 30, 2012.

NOTE 9 . PENSION PLANS

Description of Plans - Substantially all employees of the District are covered by either the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Defined Contribution Retirement Program (DCRP), which have been established by state statute. PERS and TPAF 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 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm. Prudential Financial jointly administers the DCRP investments with the New Jersey Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or PERS, the employee may be eligible to enroll in DCRP.

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012

NOTE 9. PENSION PLANS, (continued)

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

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums. Employee contributions for DCRP are based on 5.50% of employee's annual compensation and are matched by a 3% employer contribution.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 9. PENSION PLANS, (continued)

During the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

<u>Year Ending</u>	
6/30/12	\$166,846.00
6/30/11	149,978.00
6/30/10	113,379.00

The State of New Jersey contribution to TPAF (paid on-behalf of the District by the State of N.J.), equal to the required contributions were as follows:

<u>Year Ending</u>	<u>Post- Retirement Medical Contributions</u>	<u>Pension Contributions</u>	<u>NCGI Premium</u>
6/30/12	\$370,412.00	\$166,403.00	\$17,857.00
6/30/11	366,128.00		17,238.00
6/30/10	344,128.00		18,323.00

During the year ended June 30, 2012, the State of New Jersey contributed \$554,672.00 to the TPAF for pension contributions, NCGI premium contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$382,391.04 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

The Board did not make any contributions to the DCRP for the years ended June 30, 2012, 2011 and 2010.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2011, the State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members.

NOTE 11. DEFERRED COMPENSATION

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

Equitable
Lincoln Investment Planning
Oppenheimer
VALIC

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 12. RISK MANAGEMENT, (continued)

Property and Liability Insurance - The District is currently a member of the Suburban Essex Joint Insurance Fund (the "Fund"). The Fund provides it's members with General Liability, Auto Liability, Property, Employee Benefits Liability, Worker's Compensation and Employer Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of School District's established for the purpose of providing low-cost insurance coverage for their respective members in order to keep insurance costs at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Funds are elected.

As a member of the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. However, this Fund has fully reinsured the exposures above all limits subscribed to by its members. The Funds can declare and distribute dividends to members upon arrival of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for the Funds are available at the office of the Fund's administrator, 9 Campus Drive, Suite 16, Parsippany, NJ 07054.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

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 previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$127,233.34	\$14,290.73	\$79,072.03	\$449,047.47
2010-2011	163,559.86	14,445.93	61,024.92	386,595.43
2009-2010	111,414.79	15,600.12	52,038.07	269,614.56

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Manchester Regional High School District by inclusion of \$1.00 on September 21, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011		\$1,619,515.07
Interest Earnings	\$557.87	
Deposits:		
Approved June 18, 2012	<u>700,000.00</u>	
		<u>700,557.87</u>
		2,320,072.94
Withdrawals:		
Board Resolution September 22, 2011	480,000.00	
Budgeted Withdrawal	<u>685,050.00</u>	
		<u>1,165,050.00</u>
Ending balance, June 30, 2012		<u>\$1,155,022.94</u>

The balance in the capital reserve account at June 30, 2012 does not exceed the balance of local support costs of uncomplete capital projects in its LRFP. Withdrawals from the capital reserve were for use in a DOE approved facilities project consistent with the District's long-range facilities plan.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 14. EMERGENCY RESERVE ACCOUNT

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011		\$101,081.44
Interest Earnings	\$0.00	
Deposits:		
Approved June 18, 2012	<u>100,000.00</u>	
		<u>100,000.00</u>
		<u>\$201,081.44</u>

NOTE 15. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board of Education resolution adopted June 29, 2010. The account is maintained in the general fund. The maintenance reserve account is used to accumulated funds for the required maintenance of a facility in accordance with the EFCRA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011		\$100,128.00
Deposits:		
Approved June 18, 2012		<u>100,000.00</u>
		200,128.00
Withdrawals:		
Budgeted Withdrawal		<u>33,425.10</u>
Ending balance, June 30, 2012		<u>\$166,702.90</u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 16. TUITION RESERVE ACCOUNT

The tuition reserve account represents a year end fund balance classification to reserve unrestricted fund balance for a foreseeable future tuition adjustment pursuant to N.J.A.C. 6A:23A-17.1(f). The tuition reserve enables the District to reserve fund balance for an anticipated large tuition adjustment. The activity of the tuition reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	\$355,920.00
Deposits:	
Approved June 18, 2012	<u>150,000.00</u>
	<u>\$505,920.00</u>

NOTE 17. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$2,140,457.07 General Fund fund balance at June 30, 2012, \$172,090.56 is reserved for encumbrances; \$1,155,022.94 has been reserved in the Capital Reserve Account; \$201,081.44 has been reserved in the Emergency Reserve Account; \$166,702.90 has been reserved in the Maintenance Reserve Account; \$505,920.00 has been reserved in the Tuition Reserve Account; \$69,528.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2013; and \$(129,888.77) is unreserved and undesignated.

NOTE 18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District did not have any excess surplus at June 30, 2012.

NOTE 19. INVENTORY

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$541.14
Supplies	<u>389.87</u>
	<u>\$931.01</u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 19. INVENTORY, (continued)

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 20. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted 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.

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 21. PRIOR PERIOD ADJUSTMENT

The District corrected the value of capital assets reported in its governmental activities as of June 30, 2011 to add machinery and equipment which had been deleted on its capital assets inventory in error. As a result, the financial statements for June 30, 2011 have been restated as follows:

	Balance 6/30/2011 as Previously <u>Reported</u>	Retroactive <u>Adjustments</u>	Balance 6/30/2011 <u>Restated</u>
Statement of Net Assets:			
Governmental Activities:			
Assets:			
Capital Assets:			
Depreciable Buildings, Building Improvements and Machinery & Equipment	\$1,260,890.36	\$301,054.58	\$1,561,944.94
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2058912.70	301,054.58	2,359,967.28

This correction had no impact on the District's operations for the fiscal year ended June 30, 2011 as the capital assets were acquired previous to that fiscal year.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	9,935,288.00		9,935,288.00	9,935,288.00	
Other Local Government Units - Restricted	106,869.00		106,869.00	49,701.60	(57,167.40)
Transportation Fees	238,762.00		238,762.00	197,406.50	(41,355.50)
Interest on Capital Reserve	2,400.00		2,400.00	557.87	(1,842.13)
Other Restricted Miscellaneous	8,450.00		8,450.00		(8,450.00)
Miscellaneous	1,319.00		1,319.00	11,694.37	10,375.37
Total - Local Sources	<u>10,293,088.00</u>		<u>10,293,088.00</u>	<u>10,194,648.34</u>	<u>(98,439.66)</u>
State Sources:					
School Choice Aid	778,339.00		778,339.00	778,339.00	
Extraordinary Aid				184,707.00	184,707.00
Categorical Special Education Aid	457,393.00		457,393.00	457,393.00	
Equalization Aid	4,236,288.00		4,236,288.00	4,236,288.00	
Categorical Security Aid	46,240.00		46,240.00	46,240.00	
Other State Aid - Reimburse Nonpublic School Transportation				14,457.38	14,457.38
Other State Aid - Anti Bullying				133.00	133.00
On-behalf TPAF NCGI Premium (non-budgeted)				17,857.00	17,857.00
On-behalf TPAF Post Retirement Medical (non-budgeted)				370,412.00	370,412.00
On-behalf TPAF Pension and Annuity (non-budgeted)				166,403.00	166,403.00
TPAF Social Security (Reimbursed - Non-Budgeted)				382,391.04	382,391.04
Total - State Sources	<u>5,518,260.00</u>		<u>5,518,260.00</u>	<u>6,654,620.42</u>	<u>1,136,360.42</u>
Federal Sources:					
Medicaid Reimbursement	18,471.00		18,471.00	11,801.32	(6,669.68)
Education Jobs Credit	160,000.00	27,252.00	187,252.00	135,439.00	(51,813.00)
Total - Federal Sources	<u>178,471.00</u>	<u>27,252.00</u>	<u>205,723.00</u>	<u>147,240.32</u>	<u>(58,482.68)</u>
TOTAL REVENUES	<u>15,989,819.00</u>	<u>27,252.00</u>	<u>16,017,071.00</u>	<u>16,996,509.08</u>	<u>979,438.08</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	3,522,923.00	27,252.00	3,550,175.00	3,469,615.13	80,559.87
Regular Programs - Home Instruction:					
Salaries of Teachers	30,000.00		30,000.00	10,022.59	19,977.41
Purchased Professional-Educational Services	4,000.00		4,000.00	220.00	3,780.00
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	49,776.00	27,006.00	76,782.00	76,306.00	476.00
Purchased Technical Services	27,053.00	(1,900.00)	25,153.00	14,871.70	10,281.30
Other Purchased Services (400-500 series)	3,675.00		3,675.00	3,127.70	547.30
General Supplies	106,273.21	(7,122.00)	99,151.21	81,381.55	17,769.66
Textbooks	10,719.91	15,000.00	25,719.91	24,003.37	1,716.54
Other Objects	20,484.88	(4,000.00)	16,484.88	4,634.88	11,850.00
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>3,774,905.00</u>	<u>56,236.00</u>	<u>3,831,141.00</u>	<u>3,684,182.92</u>	<u>146,958.08</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
General Supplies	500.00		500.00	480.25	19.75
Textbooks	500.00		500.00	500.00	
Total Learning and/or Language Disabilities	<u>1,000.00</u>		<u>1,000.00</u>	<u>980.25</u>	<u>19.75</u>
Behavioral Disabilities:					
Salaries of Teachers	81,929.00	(20,000.00)	61,929.00	40,964.60	20,964.40
General Supplies	303.28		303.28	302.51	0.77
Textbooks	200.00		200.00	190.00	10.00
Total Behavioral Disabilities	<u>82,432.28</u>	<u>(20,000.00)</u>	<u>62,432.28</u>	<u>41,457.11</u>	<u>20,975.17</u>
Multiple Disabilities:					
Other Salaries for Instruction		46,716.00	46,716.00	39,117.51	7,598.49
General Supplies		800.00	800.00	710.14	89.86
Total Multiple Disabilities		<u>47,516.00</u>	<u>47,516.00</u>	<u>39,827.65</u>	<u>7,688.35</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Resource Center:					
Salaries of Teachers	510,538.00		510,538.00	494,344.47	16,193.53
Other Salaries for Instruction	102,546.00	(27,516.00)	75,030.00	54,693.77	20,336.23
General Supplies	1,165.96	10.00	1,175.96	1,125.93	50.03
Textbooks	200.00	(10.00)	190.00	188.80	1.20
Total Resource Room/Resource Center	<u>614,449.96</u>	<u>(27,516.00)</u>	<u>586,933.96</u>	<u>550,352.97</u>	<u>36,580.99</u>
Home Instruction:					
Salaries of Teachers	20,000.00		20,000.00	17,597.04	2,402.96
Purchased Professional-Educational Services	15,000.00		15,000.00		15,000.00
Total Home Instruction	<u>35,000.00</u>		<u>35,000.00</u>	<u>17,597.04</u>	<u>17,402.96</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>732,882.24</u>		<u>732,882.24</u>	<u>650,215.02</u>	<u>82,667.22</u>
Bilingual Education - Instruction					
Salaries of Teachers	62,169.00		62,169.00	31,084.60	31,084.40
General Supplies	468.00		468.00	339.67	128.33
Textbooks	850.00		850.00		850.00
Total Bilingual Education - Instruction	<u>63,487.00</u>		<u>63,487.00</u>	<u>31,424.27</u>	<u>32,062.73</u>
School-Sponsored Cocurricular Activities - Instruction					
Salaries	91,354.00	1,000.00	92,354.00	60,139.00	32,215.00
Purchased Services (300-500 series)	2,000.00	(317.50)	1,682.50	1,178.11	504.39
Supplies and Materials	3,041.25		3,041.25	2,094.41	946.84
Total School-Sponsored Cocurricular Activities - Instruction	<u>96,395.25</u>	<u>682.50</u>	<u>97,077.75</u>	<u>63,411.52</u>	<u>33,666.23</u>
School-Sponsored Athletics - Instruction					
Salaries	181,557.00	4,937.50	186,494.50	186,494.50	
Purchased Services (300-500 series)	23,800.00	(4,720.00)	19,080.00	18,433.03	646.97
Supplies and Materials	29,489.46	(1,500.00)	27,989.46	16,901.06	11,088.40
Other Objects	17,500.00		17,500.00	11,197.00	6,303.00
Transfers to Cover Deficit (Agency Funds)	25,100.00		25,100.00	25,100.00	
Total School-Sponsored Athletics - Instruction	<u>277,446.46</u>	<u>(1,282.50)</u>	<u>276,163.96</u>	<u>258,125.59</u>	<u>18,038.37</u>
TOTAL INSTRUCTION	<u>4,945,115.95</u>	<u>55,636.00</u>	<u>5,000,751.95</u>	<u>4,687,359.32</u>	<u>313,392.63</u>
COMMUNITY SERVICES PROGRAMS / OPERATIONS					
Salaries	750.00		750.00		750.00
TOTAL COMMUNITY SERVICES PROGRAMS / OPERATIONS	<u>750.00</u>		<u>750.00</u>		<u>750.00</u>
Undistributed Expenditures - Instruction:					
Tuition to County Voc. School District - Regular	2,642,566.00		2,642,566.00	2,642,566.00	
Tuition to County Voc. School District - Special	131,803.00		131,803.00	75,316.00	56,487.00
Tuition to CSSD & Regional Day Schools	385,572.00	(44,055.27)	341,516.73	294,930.68	46,586.05
Tuition to Private Schools for the Disabled - Within State	659,175.00	(8,587.27)	650,587.73	628,447.11	22,140.62
Tuition to Private Schools for the Disabled - Out of State	99,184.00	(86.00)	99,098.00	93,701.40	5,396.60
Tuition - State Facilities	17,699.00	10,000.00	27,699.00	19,206.43	8,492.57
Total Undistributed Expenditures - Instruction:	<u>3,935,999.00</u>	<u>(42,728.54)</u>	<u>3,893,270.46</u>	<u>3,754,167.62</u>	<u>139,102.84</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	71,936.00	8,510.34	80,446.34	80,446.34	
Other Purchased Services (400-500 series)	1,000.00	(106.00)	894.00	893.88	0.12
Supplies and Materials	1,537.64	612.00	2,149.64	2,106.98	42.66
Total Undistributed Expend. - Attend. & Social Work	<u>74,473.64</u>	<u>9,016.34</u>	<u>83,489.98</u>	<u>83,447.20</u>	<u>42.78</u>
Undist. Expend. - Health Services					
Salaries	125,179.00	(64,516.50)	60,662.50	60,662.50	
Purchased Professional and Technical Services	18,663.00	187.00	18,850.00	18,850.00	
Supplies and Materials	2,148.70	(193.00)	1,955.70	1,628.44	327.26
Total Undistributed Expenditures - Health Services	<u>145,990.70</u>	<u>(64,522.50)</u>	<u>81,468.20</u>	<u>81,140.94</u>	<u>327.26</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	17,335.00	0.60	17,335.60	17,335.60	
Purchased Professional - Educational Services	71,629.00	64,849.40	136,478.40	52,874.00	83,604.40
Supplies and Materials	1,401.00		1,401.00	611.96	789.04
Total Undist. Expend. - Speech, OT, PT & Related Services	<u>90,365.00</u>	<u>64,850.00</u>	<u>155,215.00</u>	<u>70,821.56</u>	<u>84,393.44</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	288,068.00		288,068.00	286,545.60	1,522.40
Salaries of Secretarial and Clerical Assistants	49,560.00	15.00	49,575.00	49,575.00	
Other Salaries	4,250.00		4,250.00	1,500.76	2,749.24
Purchased Professional - Educational Services	12,100.00	(7,715.00)	4,385.00	3,695.21	689.79
Other Purchased Prof. and Tech. Services	4,000.00	500.00	4,500.00	4,460.00	40.00
Supplies and Materials	3,070.00	2,000.00	5,070.00	2,255.19	2,814.81
Other Objects	100.00		100.00		100.00
Total Undist. Expend. - Guidance	<u>361,148.00</u>	<u>(5,200.00)</u>	<u>355,948.00</u>	<u>348,031.76</u>	<u>7,916.24</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	150,288.00	375.00	150,663.00	146,438.00	4,225.00
Salaries of Secretarial and Clerical Assistants	39,618.00	2,275.00	41,893.00	41,893.00	
Purchased Professional - Educational Services	846,450.00	(1,375.00)	845,075.00	839,315.00	5,760.00
Other Purchased Prof. and Tech. Services	8,075.00	(675.00)	7,400.00	6,357.50	1,042.50
Other Purchased Services (400-500 series)	722.00		722.00		722.00
Supplies and Materials	1,281.00	(600.00)	681.00		681.00
Other Objects	425.00		425.00	349.00	76.00
Total Undist. Expend. - Child Study Teams	<u>1,046,859.00</u>		<u>1,046,859.00</u>	<u>1,034,352.50</u>	<u>12,506.50</u>
Undist. Expend. - Improvement of Instructional Services					
Purchased Prof- Educational Services		630.00	630.00	440.06	189.94
Total Undist. Expend. - Improvement of Inst. Services		<u>630.00</u>	<u>630.00</u>	<u>440.06</u>	<u>189.94</u>
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	46,814.00	(17,880.00)	28,934.00	17,990.00	10,944.00
Salaries of Secretarial and Clerical Assistants		13,166.50	13,166.50	12,837.40	329.10
Purchased Professional and Technical Services	2,125.00	439.66	2,564.66	1,507.00	1,057.66
Other Purchased Services (400-500 series)	9,655.00		9,655.00	6,605.81	3,049.19
Supplies and Materials	16,464.70		16,464.70	15,855.55	609.15
Other Objects	510.00		510.00	238.80	271.20
Total Undist. Expend. - Educational Media Serv./Sch. Library	<u>75,568.70</u>	<u>(4,273.84)</u>	<u>71,294.86</u>	<u>55,034.56</u>	<u>16,260.30</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	159,741.00	4,424.09	164,165.09	149,074.64	15,090.45
Legal Services	75,000.00	12,168.79	87,168.79	87,168.79	
Audit Fees	21,000.00	2,550.00	23,550.00	23,550.00	
Other Purchased Professional Services	11,575.00	206.00	11,781.00	10,880.30	900.70
Communications/Telephone	60,870.00	(18,348.88)	42,521.12	39,006.20	3,514.92
BOE Other Purchased Services	6,540.00		6,540.00	4,003.96	2,536.04
Other Purchased Services (400-500 series)	34,650.00	4,000.00	38,650.00	29,227.12	9,422.88
General Supplies	1,987.70		1,987.70	991.55	996.15
Miscellaneous Expenditures	6,416.00		6,416.00	1,813.25	4,602.75
BOE Membership Dues and Fees	9,105.00		9,105.00	8,194.80	910.20
Total Undist. Expend. - Supp. Serv. - General Administration	<u>386,884.70</u>	<u>5,000.00</u>	<u>391,884.70</u>	<u>353,910.61</u>	<u>37,974.09</u>
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	246,840.00		246,840.00	246,840.00	
Salaries of Secretarial and Clerical Assistants	94,722.00	7.68	94,729.68	94,729.68	
Other Purchased Services (400-500 series)	6,700.00	(7.68)	6,692.32	6,658.07	34.25
Supplies and Materials	9,023.27	(112.00)	8,911.27	6,221.82	2,689.45
Other Objects	2,000.00	112.00	2,112.00	2,112.00	
Total Undist. Expend. - Support Serv. - School Administration	<u>359,285.27</u>	<u>(0.00)</u>	<u>359,285.27</u>	<u>356,561.57</u>	<u>2,723.70</u>
Undist. Expend. - Central Services					
Salaries	207,415.00	(3,557.00)	203,858.00	165,270.99	38,587.01
Purchased Professional Services	13,950.00	4,307.40	18,257.40	17,532.80	724.60
Misc. Purchased Services (400-500 series)	4,550.00	(650.00)	3,900.00		3,900.00
Supplies and Materials	4,330.00	18,747.50	23,077.50	6,566.89	16,510.61
Miscellaneous Expenditures	2,020.00		2,020.00	1,073.00	947.00
Total Undist. Expend. - Central Services	<u>232,265.00</u>	<u>18,847.90</u>	<u>251,112.90</u>	<u>190,443.68</u>	<u>60,669.22</u>
Undist. Expend. - Admin. Info. Tech.					
Salaries	81,600.00		81,600.00	81,599.92	0.08
Purchased Technical Services	26,250.00	(16,600.00)	9,650.00	7,865.45	1,784.55
Other Purchased Services (400-500 series)	4,675.00	(230.00)	4,445.00	2,424.32	2,020.68
Supplies and Materials	10,904.92	83,601.54	94,506.46	76,768.76	17,737.70
Other Objects	1,500.00	(1,500.00)			
Total Undist. Expend. - Admin. Info. Tech.	<u>124,929.92</u>	<u>65,271.54</u>	<u>190,201.46</u>	<u>168,658.45</u>	<u>21,543.01</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Required Maint. for School Facilities					
Salaries	28,311.00		28,311.00	28,069.33	241.67
Cleaning, Repair and Maintenance Services	59,813.30	77,175.10	136,988.40	107,946.47	29,041.93
General Supplies	24,426.90	(5,500.00)	18,926.90	16,612.57	2,314.33
Other Objects	300.00		300.00		300.00
Undist. Expend. - Required Maint. for School Facilities	<u>112,851.20</u>	<u>71,675.10</u>	<u>184,526.30</u>	<u>152,628.37</u>	<u>31,897.93</u>
Undist. Expend. - Custodial Services					
Salaries	282,149.00	11,881.10	294,030.10	280,498.61	13,531.49
Purchased Professional and Technical Services	7,225.00	(6,000.00)	1,225.00		1,225.00
Cleaning, Repair and Maintenance Services	36,826.12	23,704.00	60,530.12	46,108.07	14,422.05
Other Purchased Property Services	69,226.37	(6,500.00)	62,726.37	55,083.40	7,642.97
Insurance	67,485.00	(704.00)	66,781.00	66,657.45	123.55
Miscellaneous Purchased Services	2,550.00		2,550.00	1,756.00	794.00
General Supplies	48,520.95	14,392.60	62,913.55	56,947.36	5,966.19
Energy (Energy and Electricity)	175,000.00	(8,000.00)	167,000.00	157,769.40	9,230.60
Other Objects	425.00		425.00		425.00
Energy (Natural Gas)	150,000.00	(85,581.10)	64,418.90	61,911.47	2,507.43
Total Undist. Expend. - Custodial Services	<u>839,407.44</u>	<u>(56,807.40)</u>	<u>782,600.04</u>	<u>726,731.76</u>	<u>55,868.28</u>
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	2,550.00	17,950.00	20,500.00	16,637.50	3,862.50
General Supplies	1,700.00		1,700.00	595.50	1,104.50
Total Undist. Expend. - Care & Upkeep of Grounds	<u>4,250.00</u>	<u>17,950.00</u>	<u>22,200.00</u>	<u>17,233.00</u>	<u>4,967.00</u>
Undist. Expend. - Security					
Purchased Professional and Technical Services	1,700.00		1,700.00		1,700.00
Total Undist. Expend. - Security	<u>1,700.00</u>		<u>1,700.00</u>		<u>1,700.00</u>
Total Undist. Expend. - Oper. & Maint. Of Plant	<u>958,208.64</u>	<u>32,817.70</u>	<u>991,026.34</u>	<u>896,593.13</u>	<u>94,433.21</u>
Undist. Expend. - Student Transportation Services					
Management Fee - ESC & CTSA Trans. Program	30,032.00		30,032.00	24,912.40	5,119.60
Contracted Services (Between Home and School)-Vendors	142,081.00		142,081.00	140,659.60	1,421.40
Contracted Services (Other than Bet Home and School)-Vendors	40,000.00	20,800.00	60,800.00	60,637.58	162.42
Contracted Services (Regular Students)-ESCs & CTSA	232,508.00		232,508.00	214,049.83	18,458.17
Contracted Services (Special Ed. Students)-ESCs & CTSA	314,637.85		314,637.85	273,128.67	41,509.18
Contracted Services - Aid in Lieu Payments	144,976.00	(3,000.00)	141,976.00	107,602.20	34,373.80
Total Undist. Expend. - Student Transportation Services	<u>904,234.85</u>	<u>17,800.00</u>	<u>922,034.85</u>	<u>820,990.28</u>	<u>101,044.57</u>
UNALLOCATED BENEFITS					
Social Security Contributions	172,000.00		172,000.00	170,638.50	1,361.50
Other Retirement Contributions - PERS	175,535.00		175,535.00	166,846.00	8,689.00
Unemployment Compensation	126,800.00		126,800.00	126,546.23	253.77
Workmen's Compensation	67,000.00		67,000.00	53,327.75	13,672.25
Health Benefits	1,705,206.00	(72,547.50)	1,632,658.50	1,348,763.46	283,895.04
Tuition Reimbursement	24,000.00		24,000.00	8,300.00	15,700.00
Other Employee Benefits	11,250.00		11,250.00	8,941.25	2,308.75
TOTAL UNALLOCATED BENEFITS	<u>2,281,791.00</u>	<u>(72,547.50)</u>	<u>2,209,243.50</u>	<u>1,883,363.19</u>	<u>325,880.31</u>
On-behalf Teachers Pension and Annuity Fund (non-budgeted)				166,403.00	(166,403.00)
On-behalf TPAF NCGI Premium (non-budgeted)				17,857.00	
On-behalf TPAF Post Retirement Medical (non-budgeted)				370,412.00	(370,412.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				382,391.04	(382,391.04)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>937,063.04</u>	<u>(919,206.04)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>2,281,791.00</u>	<u>(72,547.50)</u>	<u>2,209,243.50</u>	<u>2,820,426.23</u>	<u>(593,325.73)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>10,978,003.42</u>	<u>24,961.10</u>	<u>11,002,964.52</u>	<u>11,035,020.15</u>	<u>(14,198.63)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>15,923,869.37</u>	<u>80,597.10</u>	<u>16,004,466.47</u>	<u>15,722,379.47</u>	<u>299,944.00</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Support Services:					
Undistributed Expenditures - Instruction	15,241.69		15,241.69	14,641.69	600.00
Undistributed Expenditures - School Admin.		3,850.00	3,850.00	3,850.00	
Undistributed Expenditures - Administrative Technology		33,601.00	33,601.00	33,574.09	26.91
Undistributed Expenditures - Related & Extra.	7,000.00	(7,000.00)			
Undistributed Expenditures - Custodial	8,697.60	4,000.00	12,697.60	12,073.60	624.00
Undistributed Expenditures - Business / Other Support Services		34,790.00	34,790.00	34,790.00	
Total Equipment	<u>30,939.29</u>	<u>69,241.00</u>	<u>100,180.29</u>	<u>98,929.38</u>	<u>1,250.91</u>
Facilities Acquisition and Construction Services					
Architectural / Engineering Services	50,000.00	(33,837.81)	16,162.19	11,358.86	4,803.33
Other Purchased Professional & Technical Services	18,783.95	94,216.05	113,000.00	95,699.18	17,300.82
Construction Services	648,950.00	(309,119.24)	339,830.76	271,150.76	68,680.00
Supplies and Materials	336,893.00		336,893.00		336,893.00
Assessment for Debt Service on SDA Funding	1,319.00		1,319.00	1,319.00	
Total Facilities Acquisition and Construction Services	<u>1,055,945.95</u>	<u>(248,741.00)</u>	<u>807,204.95</u>	<u>379,527.80</u>	<u>427,677.15</u>
TOTAL CAPITAL OUTLAY	<u>1,086,885.24</u>	<u>(179,500.00)</u>	<u>907,385.24</u>	<u>478,457.18</u>	<u>428,928.06</u>
Transfer of Funds to Charter Schools	<u>9,209.00</u>	<u>7,086.00</u>	<u>16,295.00</u>	<u>15,846.00</u>	<u>449.00</u>
TOTAL EXPENDITURES	<u>17,019,963.61</u>	<u>(91,816.90)</u>	<u>16,928,146.71</u>	<u>16,216,682.65</u>	<u>729,321.06</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,030,144.61)</u>	<u>119,068.90</u>	<u>(911,075.71)</u>	<u>779,826.43</u>	<u>1,690,902.14</u>
Other Financing Sources/(Uses):					
Operating Transfer Out:					
Transfer from Capital Reserve to Capital Projects Fund		(480,000.00)	(480,000.00)	(480,000.00)	
Transfer from Capital Outlay to Capital Projects Fund		(179,500.00)	(179,500.00)	(179,500.00)	
Total Other Financing Sources/(Uses):		<u>(659,500.00)</u>	<u>(659,500.00)</u>	<u>(659,500.00)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(1,030,144.61)</u>	<u>(540,431.10)</u>	<u>(1,570,575.71)</u>	<u>120,326.43</u>	<u>1,690,902.14</u>
Fund Balance, July 1	<u>2,597,637.64</u>		<u>2,597,637.64</u>	<u>2,597,637.64</u>	
Fund Balance, June 30	<u>1,567,493.03</u>	<u>(540,431.10)</u>	<u>1,027,061.93</u>	<u>2,717,964.07</u>	<u>1,690,902.14</u>
Recapitulation of excess (deficiency) of revenues under expenditures					
Adjustment for Prior Year Encumbrances	(197,494.61)		(197,494.61)	(197,494.61)	
Increase in Capital Reserve:					
Principal				700,000.00	700,000.00
Interest	2,400.00		2,400.00	557.87	(1,842.13)
Increase in Emergency Reserve					
Principal				100,000.00	100,000.00
Increase in Maintenance Reserve					
Principal				100,000.00	100,000.00
Increase in Tuition Reserve					
Principal				150,000.00	150,000.00
Budgeted Withdrawal from Maintenance Reserve		(33,425.10)	(33,425.10)	(33,425.10)	
Budgeted Withdrawal from Capital Reserve	(685,050.00)	(480,000.00)	(1,165,050.00)	(1,165,050.00)	
Budgeted Fund Balance	(150,000.00)	(27,006.00)	(177,006.00)	465,738.27	642,744.27
	<u>(1,030,144.61)</u>	<u>(540,431.10)</u>	<u>(1,570,575.71)</u>	<u>120,326.43</u>	<u>1,690,902.14</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

Exhibit C-1
 Page 6 of 6

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				1,155,022.94	
Maintenance Reserve				166,702.90	
Emergency Reserve				201,081.44	
Tuition Reserve				505,920.00	
Committed Fund Balance:					
Year-End Encumbrances				172,090.56	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				69,528.00	
Unassigned Fund Balance					
				447,618.23	
				2,717,964.07	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(577,507.00)	
Fund Balance per Governmental Funds (GAAP)				2,140,457.07	

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Education Jobs Fund - Budget and Actual
General Fund
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
Education Jobs Fund	160,000.00	27,252.00	187,252.00	135,439.00	(51,813.00)
Total - Federal Sources	<u>160,000.00</u>	<u>27,252.00</u>	<u>187,252.00</u>	<u>135,439.00</u>	<u>(51,813.00)</u>
TOTAL REVENUES	<u>160,000.00</u>	<u>27,252.00</u>	<u>187,252.00</u>	<u>135,439.00</u>	<u>(51,813.00)</u>
EXPENDITURES:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	160,000.00	27,252.00	187,252.00	135,439.00	51,813.00
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>160,000.00</u>	<u>27,252.00</u>	<u>187,252.00</u>	<u>135,439.00</u>	<u>51,813.00</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	464,402.00	82,263.32	546,665.32	493,915.67	(52,749.65)
Federal Sources	375,006.00	158,124.06	533,130.06	441,969.00	(91,161.06)
Total Revenues	839,408.00	240,387.38	1,079,795.38	935,884.67	(143,910.71)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	170,000.00	(19,298.00)	150,702.00	149,567.68	1,134.32
Other Salaries for Instruction		1,560.00	1,560.00	1,560.00	
Purchased Professional - Educational Services	163,230.00	128,419.99	291,649.99	242,984.68	48,665.31
Other Purchased Services (400-500 series)	205,006.00	(32,468.00)	172,538.00	160,975.00	11,563.00
General Supplies		65,966.60	65,966.60	19,238.75	46,727.85
Textbooks	37,196.00	(7,135.00)	30,061.00	29,785.81	275.19
Total Instruction	575,432.00	137,045.59	712,477.59	604,111.92	108,365.67
Support Services:					
Other Salaries		27,317.69	27,317.69		27,317.69
Personal Services - Employee Benefits		30,140.00	30,140.00	25,725.64	4,414.36
Purchased Professional & Technical Services		3,950.00	3,950.00	3,947.00	3.00
Purchased Professional - Educational Services	263,976.00	29,122.70	293,098.70	293,098.70	
Other Purchased Services (400-500 series)		12,343.60	12,343.60	9,001.41	3,342.19
Supplies & Materials		467.80	467.80		467.80
Total Support Services	263,976.00	103,341.79	367,317.79	331,772.75	35,545.04
Total Expenditures	839,408.00	240,387.38	1,079,795.38	935,884.67	143,910.71
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Year Ended June 30, 2012

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]&[C-2]	16,996,509.08	935,884.67
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			24,408.79
Less Current Year Encumbrances			(4,792.90)
The last State aid payment is recognized as revenue for budgetary purposes in the General Fund, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(577,507.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		380,551.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	16,799,553.08	955,500.56
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	16,216,682.65	935,884.67
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Add Prior Year Encumbrances		N/A	24,408.79
Less Current Year Encumbrances			(4,792.90)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	[B-2]	16,216,682.65	955,500.56

SPECIAL REVENUE FUND

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2012

	Total	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Principal Training & Recruiting	LD.E.A. Basic ARRA	Title I Part - A ARRA	Totals 2012
REVENUES						
Local Sources	493,915.67					493,915.67
State Sources	242,414.50	180,567.82	9,032.15	9,100.68	853.85	441,969.00
Federal Sources						
Total Revenues	736,330.17	180,567.82	9,032.15	9,100.68	853.85	935,884.67
EXPENDITURES:						
Instruction:						
Salaries of Teachers		149,567.68				149,567.68
Other Salaries for Instruction				1,560.00		1,560.00
Purchased Professional - Educational Services	242,984.68					242,984.68
Other Purchased Services (400-500 series)	160,975.00					160,975.00
General Supplies	6,423.57	5,274.50		7,540.68		19,238.75
Textbooks	29,785.81					29,785.81
Total Instruction	440,169.06	154,842.18		9,100.68		604,111.92
Support Services:						
Personal Services - Employee Benefits		25,725.64				25,725.64
Purchased Professional & Technical Services			3,947.00			3,947.00
Purchased Professional - Educational Services	293,098.70					293,098.70
Other Purchased Services (400-500 series)	3,062.41		5,085.15		853.85	9,001.41
Total Support Services	296,161.11	25,725.64	9,032.15		853.85	331,772.75
Total Expenditures	736,330.17	180,567.82	9,032.15	9,100.68	853.85	935,884.67
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2012

	Carryover				Total Carried Forward
	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Principal Training & Recruiting	Title II Part - D Enhancing Technology thru Educ.		
REVENUES					
Local Sources					493,915.67
State Sources	235,885.81	2,109.41	953.00		242,414.50
Federal Sources					
Total Revenues	235,885.81	2,109.41	953.00		242,414.50
	493,915.67	2,109.41	953.00		736,330.17
EXPENDITURES:					
Instruction:					
Salaries of Teachers					242,984.68
Other Salaries for Instruction	42,830.82				160,975.00
Purchased Professional - Educational Services	160,975.00				6,423.57
Other Purchased Services (400-500 series)	2,957.29	3,466.28			29,785.81
General Supplies					
Textbooks					
Total Instruction	206,763.11	3,466.28			440,169.06
	229,939.67	2,109.41	953.00		293,098.70
Support services:					
Personal Services - Employee Benefits					3,062.41
Purchased Professional & Technical Services					
Purchased Professional - Educational Services	29,122.70	2,109.41	953.00		296,161.11
Other Purchased Services (400-500 series)					
Total Support Services	29,122.70	2,109.41	953.00		736,330.17
	493,915.67	2,109.41	953.00		736,330.17
Total Expenditures	3,466.28	2,109.41	953.00		
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1c)	School Based Youth Service	Ch. 193 - Handicapped Services					Total Carried Forward
			Nonpublic Textbook Aid	Nonpublic Nursing Aid	Nonpublic Initial Exam & Classification	Nonpublic Annual Exam & Classification	Nonpublic Corrective Speech	
REVENUES								
State Sources	62,882.31	263,976.00	29,785.81	42,940.00	37,017.26	10,327.00	3,633.33	493,915.67
Federal Sources								
Total Revenues	62,882.31	263,976.00	29,785.81	42,940.00	37,017.26	10,327.00	3,633.33	493,915.67
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Other Salaries for Instruction								
Purchased Professional - Educational Services	62,882.31			42,940.00	37,017.26	10,327.00	3,633.33	200,153.86
Other Purchased Services (400-500 series)								
General Supplies			29,785.81					29,785.81
Textbooks								
Total Instruction	62,882.31		29,785.81	42,940.00	37,017.26	10,327.00	3,633.33	229,939.67
Support Services:								
Personal Services - Employee Benefits								
Purchased Professional & Technical Services		263,976.00						263,976.00
Purchased Professional - Educational Services								
Other Purchased Services (400-500 series)								
Total Support Services		263,976.00						263,976.00
Total Expenditures	62,882.31	263,976.00	29,785.81	42,940.00	37,017.26	10,327.00	3,633.33	493,915.67
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)								

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
 Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Year Ended June 30, 2012

	Ch. 192 Auxiliary Services			Total Carried Forward
	Nonpublic Compensatory Education	English as a Second Language	Nonpublic Home Instruction	
REVENUES				
Local Sources				
State Sources	43,365.51	16,206.48	3,310.32	62,882.31
Federal Sources				
Total Revenues	<u>43,365.51</u>	<u>16,206.48</u>	<u>3,310.32</u>	<u>62,882.31</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Other Salaries for Instruction				
Purchased Professional - Educational Services	43,365.51	16,206.48	3,310.32	62,882.31
Other Purchased Services (400-500 series)				
General Supplies				
Textbooks				
Total instruction	<u>43,365.51</u>	<u>16,206.48</u>	<u>3,310.32</u>	<u>62,882.31</u>
Support services:				
Personal Services - Employee Benefits				
Purchased Professional & Technical Services				
Purchased Professional - Educational Services				
Other Purchased Services (400-500 series)				
Total support services				
Total Expenditures	<u>43,365.51</u>	<u>16,206.48</u>	<u>3,310.32</u>	<u>62,882.31</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)				

CAPITAL PROJECTS FUND

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2012

Revenues and Other Financing Sources	
Transferred from Capital Reserve	480,000.00
Transferred from Capital Outlay	179,500.00
Total Revenues	<u>659,500.00</u>
Expenditures and Other Financing Uses	
Purchased Professional Services	7,493.14
Construction Services	619,081.51
Total Expenditures	<u>626,574.65</u>
Excess (deficiency) or Revenues over (under) Expenditures	32,925.35
Fund balance - beginning	<u>429,654.71</u>
Fund balance - ending	<u><u>462,580.06</u></u>
<u>Recapitulation:</u>	
Unrestricted Fund Balance	462,580.06
Reconciliation to Governmental Funds Statements (GAAP):	
EFCFA Grant Receivable not Recognized on GAAP Basis	<u>(210,398.74)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>252,181.32</u></u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
HVAC Replacement
From Inception and For the Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	235,342.00		235,342.00	235,342.00
Transfer from Capital Reserve	143,944.00		143,944.00	143,944.00
Total Revenues	<u>379,286.00</u>		<u>379,286.00</u>	<u>379,286.00</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	39,636.28		39,636.28	81,200.00
Construction Services	133,540.00		133,540.00	298,086.00
Total Expenditures	<u>173,176.28</u>		<u>173,176.28</u>	<u>379,286.00</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>206,109.72</u>		<u>206,109.72</u>	
Additional Project Information:				
Project Number	3980-010-09-1001			
Grant Date	2/26/2009			
Original Authorized Cost	379,286.00			
Additional Authorized Cost				
Revised Authorized Cost				
Percentage Increase over Original Authorized Cost				
Percentage Completion	57%			
Original target completion date	8/31/2009			
Revised target completion date	8/31/2012			

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Roof Replacement - Phase III
From Inception and For the Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	269,917.00		269,917.00	269,917.00
Transfer from Capital Reserve	150,083.00		150,083.00	150,083.00
Total Revenues	<u>420,000.00</u>		<u>420,000.00</u>	<u>420,000.00</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	3,209.09		3,209.09	84,000.00
Construction Services	288,402.00		288,402.00	336,000.00
Total Expenditures	<u>291,611.09</u>		<u>291,611.09</u>	<u>420,000.00</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>128,388.91</u>		<u>128,388.91</u>	
Additional Project Information:				
Project Number	3980-010-09-1002			
Grant Date	11/18/2009			
Original Authorized Cost	420,000.00			
Percentage Completion	69%			
Original target completion date	8/31/2011			
Revised target completion date	8/31/2012			

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
ADA Toilet Upgrades
From Inception and For the Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	231,000.00		231,000.00	231,000.00
Total Revenues	<u>231,000.00</u>		<u>231,000.00</u>	<u>231,000.00</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	42,297.92	3,902.08	46,200.00	46,200.00
Construction Services	93,546.00	91,254.00	184,800.00	184,800.00
Total Expenditures	<u>135,843.92</u>	<u>95,156.08</u>	<u>231,000.00</u>	<u>231,000.00</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>95,156.08</u>	<u>(95,156.08)</u>		
Additional Project Information:				
Project Number	3980-010-10-1001			
Original Authorized Cost	231,000.00			
Percentage Completion	100%			
Original target completion date	8/31/2011			

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Roof Replacement - Phase IV, V and VI
From Inception and For the Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant				
Transfer from Capital Reserve		480,000.00	480,000.00	480,000.00
Transfer from Capital Outlay		179,500.00	179,500.00	179,500.00
Total Revenues		<u>659,500.00</u>	<u>659,500.00</u>	<u>659,500.00</u>
Expenditures and Other Financing Uses				
Purchased Professional Services		3,591.06	3,591.06	15,000.00
Construction Services		527,827.51	527,827.51	644,500.00
Total Expenditures		<u>531,418.57</u>	<u>531,418.57</u>	<u>659,500.00</u>
Excess (deficiency) or Revenues over (under) Expenditures		<u>128,081.43</u>	<u>128,081.43</u>	
Additional Project Information:				
Project Number	3980-010-11-2000			
Project Number	3980-010-12-1000			
Original Authorized Cost	659,500.00			
Percentage Completion	81%			
Original target completion date	8/31/2012			

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Project Expenditures
For the Year Ended June 30, 2012

Project Title/Issue	Original Date or Project Number	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2012
			Prior Years	Current Year	
HVAC Replacement	2/26/2009 SP# 3980-010-09-1001	379,286.00	173,176.28		206,109.72
Roof Replacement Phase III	11/18/2009 SP# 3980-010-09-1002	420,000.00	291,611.09		128,388.91
Roof Replacement Phase IV, V, VI	09/11/11 SP# 3980-010-11-2000 SP# 3980-010-12-1000	659,500.00		531,418.57	128,081.43
ADA Toilet Upgrades	8/26/2010 SP# 3980-010-10-1001	231,000.00	135,843.92	95,156.08	
		<u>1,689,786.00</u>	<u>600,631.29</u>	<u>626,574.65</u>	<u>462,580.06</u>

PROPRIETARY FUNDS

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Net Assets
Enterprise Funds
June 30, 2012

	<u>Food Service Program</u>	<u>Community Services Program</u>	<u>Technology Program</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	162,856.68	14,948.09	342,556.72	520,361.49
Accounts Receivable:				
State	466.14			466.14
Federal	31,603.56			31,603.56
Other			15,228.33	15,228.33
Inventories	931.01			931.01
Total Current Assets	<u>195,857.39</u>	<u>14,948.09</u>	<u>357,785.05</u>	<u>568,590.53</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	330,433.38			330,433.38
Less Accumulated Depreciation	<u>(132,373.40)</u>			<u>(132,373.40)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>198,059.98</u>			<u>198,059.98</u>
Total Assets	<u><u>393,917.37</u></u>	<u><u>14,948.09</u></u>	<u><u>357,785.05</u></u>	<u><u>766,650.51</u></u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	29,947.00			29,947.00
Interfunds Payable	<u>13,139.98</u>			<u>13,139.98</u>
Total Current Liabilities	<u>43,086.98</u>			<u>43,086.98</u>
NET ASSETS				
Invested in Capital Assets Net of Related Debt	198,059.98			198,059.98
Unrestricted	<u>152,770.41</u>	<u>14,948.09</u>	<u>357,785.05</u>	<u>525,503.55</u>
Total Net Assets	<u><u>350,830.39</u></u>	<u><u>14,948.09</u></u>	<u><u>357,785.05</u></u>	<u><u>723,563.53</u></u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended June 30, 2012

	<u>Food Service Program</u>	<u>Community Services Program</u>	<u>Technology Program</u>	<u>Totals</u>
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	51,479.51			51,479.51
Daily Sales - Non-Reimbursable Programs	26,253.20			26,253.20
Special Functions	3,235.15			3,235.15
Miscellaneous - Program Fees			837,101.04	837,101.04
Total Operating Revenues	<u>80,967.86</u>		<u>837,101.04</u>	<u>918,068.90</u>
Operating Expenses:				
Cost of Sales	237,335.83			237,335.83
Salaries	161,670.57		566,297.78	727,968.35
Supplies and Materials	15,319.78		10,522.47	25,842.25
Employee Benefits	39,286.60		161,448.00	200,734.60
Cleaning Repair & Maintenance	7,447.25			7,447.25
Purchased Services	30,036.90		13,957.50	43,994.40
Depreciation	14,677.04			14,677.04
Total Operating Expenses	<u>505,773.97</u>		<u>752,225.75</u>	<u>1,257,999.72</u>
Operating Income (Loss)	<u>(424,806.11)</u>		<u>84,875.29</u>	<u>(339,930.82)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,863.94			5,863.94
Federal Sources:				
National School Lunch Program	262,051.01			262,051.01
National School Breakfast Program	118,707.45			118,707.45
Food Distribution Program	27,215.35			27,215.35
Total Nonoperating Revenues (Expenses)	<u>413,837.75</u>			<u>413,837.75</u>
Income (Loss) Before Contributions & Transfers	<u>(10,968.36)</u>		<u>84,875.29</u>	<u>73,906.93</u>
Other Financing Sources/(Uses)				
Cancelled Accounts Receivable			(31,250.00)	(31,250.00)
Change in Net Assets	(10,968.36)		53,625.29	42,656.93
Total Net Assets—Beginning	<u>361,798.75</u>	<u>14,948.09</u>	<u>304,159.76</u>	<u>680,906.60</u>
Total Net Assets—Ending	<u>350,830.39</u>	<u>14,948.09</u>	<u>357,785.05</u>	<u>723,563.53</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2012

	Food Service Program	Community Services Program	Technology Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	80,967.86		821,872.71	902,840.57
Payments for Interfunds	(152,729.11)			(152,729.11)
Payments to Employees	(150,924.03)		(566,297.78)	(717,221.81)
Payments for Employee Benefits	(33,975.63)		(161,448.00)	(195,423.63)
Payments to Suppliers	(213,986.69)		(15,922.47)	(229,909.16)
Payments for Miscellaneous Expenses	(9,080.85)		(13,957.50)	(23,038.35)
Net Cash Provided by (Used for) Operating Activities	<u>(479,728.45)</u>		<u>64,246.96</u>	<u>(415,481.49)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	5,232.34			5,232.34
Federal Sources	339,788.90			339,788.90
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>345,021.24</u>			<u>345,021.24</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(29,947.00)			(29,947.00)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(29,947.00)</u>			<u>(29,947.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Increase (Decrease) in Cash and Cash Equivalents	(164,654.21)		64,246.96	(100,407.25)
Balances—Beginning of Year	327,510.89	14,948.09	278,309.76	620,768.74
Balances—End of Year	<u>162,856.68</u>	<u>14,948.09</u>	<u>342,556.72</u>	<u>520,361.49</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(424,806.11)		84,875.29	(339,930.82)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:				
Depreciation and Net Amortization	14,677.04			14,677.04
Food Distribution Program Donated Commodities	27,215.35			27,215.35
(Increase) Decrease in Accounts Receivable, Net			(15,228.33)	(15,228.33)
(Increase) Decrease in Inventories	411.79			411.79
Increase (Decrease) in Accounts Payable	29,947.00		(5,400.00)	24,547.00
Increase (Decrease) in Other Current Liabilities	(127,173.52)			(127,173.52)
Total Adjustments	<u>(54,922.34)</u>		<u>(20,628.33)</u>	<u>(75,550.67)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(479,728.45)</u>		<u>64,246.96</u>	<u>(415,481.49)</u>

FIDUCIARY FUND

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Unemployment Compensation Trust Fund	Memorial Special Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	450,479.85	1,299.57	374,523.25
Interfund Receivable			1,532.38
Total Assets	<u>450,479.85</u>	<u>1,299.57</u>	<u>376,055.63</u>
LIABILITIES			
Payable to Student Groups			117,847.42
Interfund Payable	1,432.38		4,182.16
Payroll Deductions and Withholdings			254,026.05
Total Liabilities	<u>1,432.38</u>	<u> </u>	<u>376,055.63</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>449,047.47</u>		
Reserved for Other Purposes		<u>1,299.57</u>	

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	<u>Unemployment Compensation Trust Fund</u>	<u>Memorial Special Trust Fund</u>
ADDITIONS		
Contributions:		
Plan Member	14,290.73	
Board	127,233.34	
Total Contributions	<u>141,524.07</u>	
Total Additions	<u>141,524.07</u>	
DEDUCTIONS		
Quarterly Contribution Reports	3,099.79	
Unemployment Claims	75,972.24	
Total Deductions	<u>79,072.03</u>	
Change in Net Assets	62,452.04	
Net Assets—Beginning of the Year	<u>386,595.43</u>	1,299.57
Net Assets—End of the Year	<u>449,047.47</u>	<u>1,299.57</u>

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Year Ended June 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>June 30, 2012</u>
General Organization Account	102,666.74	124,573.64	109,397.91	117,842.47
DECA Marketing Club	<u>546.67</u>	<u>800.00</u>	<u>1,341.72</u>	<u>4.95</u>
	<u>103,213.41</u>	<u>125,373.64</u>	<u>110,739.63</u>	<u>117,847.42</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>June 30, 2012</u>
Net Payroll		4,629,850.41	4,629,850.41	
Payroll Deductions and Withholdings	269,001.31	3,392,599.82	3,407,575.08	254,026.05
Interfund Receivable	(2,671.84)	18,537.86	17,398.40	(1,532.38)
Interfund Payable	51,223.42	4,182.16	51,223.42	4,182.16
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>317,552.89</u>	<u>8,045,170.25</u>	<u>8,106,047.31</u>	<u>256,675.83</u>

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.	

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets by Component
- J-2 Changes in Net Assets
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Net Assets by Component
Last Ten Fiscal Years*
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	1,007,323.14	1,390,247.27	1,280,123.70	1,340,494.09	1,485,344.47	1,369,873.19	1,506,757.37	2,056,912.70	3,331,688.60	
Restricted	871,952.92	771,755.15	878,537.19	1,357,802.94	1,351,643.99	2,089,965.90	1,997,586.71	2,593,395.12	2,452,999.16	
Unrestricted	189,294.78	273,058.29	83,388.72	182,328.38	91,025.41	60,177.18	156,970.90	(188,442.48)	(116,705.77)	
Total Governmental Activities Net Assets	2,068,570.84	2,435,060.71	2,242,049.61	2,880,625.41	2,928,013.87	3,520,016.27	3,661,314.98	4,463,865.34	5,667,981.99	
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	36,941.84	50,860.90	50,433.81	45,547.12	179,023.81	166,688.00	190,681.08	174,756.02	198,059.98	
Restricted										
Unrestricted	135,191.28	146,393.16	236,785.79	376,966.76	379,303.70	443,652.26	442,781.01	506,150.58	525,503.55	
Total Business-type Activities Net Assets	172,133.12	197,254.06	287,219.60	422,513.88	558,327.51	610,320.26	633,462.09	680,906.60	723,563.53	
District-wide										
Invested in Capital Assets, Net of Related Debt	1,044,264.98	1,441,108.17	1,330,557.51	1,386,041.21	1,664,368.28	1,536,541.19	1,697,438.45	2,233,668.72	3,529,748.58	
Restricted	871,952.92	771,755.15	878,537.19	1,357,802.94	1,351,643.99	2,089,965.90	1,997,586.71	2,593,395.12	2,452,999.16	
Unrestricted	324,486.06	419,451.45	320,174.51	559,295.14	470,329.11	503,829.44	599,751.91	317,708.10	406,797.78	
Total District Net Assets	2,240,703.96	2,632,314.77	2,529,269.21	3,303,139.29	3,486,341.38	4,130,336.53	4,294,777.07	5,144,771.94	6,391,545.52	

Source: CAFR Schedule A-1

* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Changes in Net Assets
Last Ten Fiscal Years*
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Expenses										
Governmental Activities:										
Instruction:										
Regular	4,257,665.02	4,445,564.06	4,638,581.20	4,644,871.39	4,970,660.61	5,185,608.82	5,689,173.94	5,624,780.29	5,270,056.09	
Special Education	591,191.91	638,294.31	711,221.47	718,018.87	678,021.83	754,492.66	827,018.12	592,334.22	827,788.74	
Other Special Instruction	51,747.10	57,426.34	60,516.00	50,451.14	65,528.08	68,533.88	71,996.79	39,959.39	39,959.39	
Other Instruction	363,317.06	436,667.71	498,350.17	411,993.07	444,036.95	459,198.36	474,478.63	419,596.27	388,257.00	
Community Services	1,229.04	1,586.35	1,012.85	620.32	622.94	258.13		955.39		
Support Services:										
Tuition	1,424,843.83	1,869,651.13	2,193,121.17	2,856,796.52	3,410,699.31	3,929,293.40	3,725,828.44	4,462,458.83	3,754,167.62	
Student & Instruction Related Services	1,302,418.04	1,504,748.46	1,606,731.29	1,554,057.66	1,528,414.43	1,466,845.22	1,590,056.46	1,564,542.49	2,203,424.02	
School Administrative Services	447,142.75	381,298.20	531,009.60	523,651.64	549,519.22	524,932.57	480,340.13	480,648.67	462,779.24	
General Administrative Services	521,125.28	517,355.50	505,214.80	693,538.49	768,816.05	727,274.62	623,904.85	654,812.41	588,280.87	
Central Services & Adm. Info. Technology	799,480.02	433,616.80	644,911.78	674,647.13	668,359.61	647,757.74	365,977.88	375,299.50	426,887.20	
Plant Operations and Maintenance	783,585.08	901,977.05	1,037,745.48	1,016,732.52	1,166,058.87	992,027.94	935,981.98	884,044.19	984,301.55	
Pupil Transportation	525,517.40	819,271.33	861,085.75	817,517.98	748,766.55	814,587.76	846,451.34	792,205.88	820,990.28	
Business and Other Support Services	707,543.57	2,385.00	901,177.85	1,193,041.61	1,170,548.13	702,920.93	817,203.68	689,418.93	962,018.04	
Unallocated Benefits		755,719.24	298.00							
Special Schools		3,569.00			10,635.00		18,022.00	1,768.00	15,846.00	
Charter Schools	31,399.49								1,319.00	
Capital Outlay - Non-depreciable	97,282.51									
Unallocated Depreciation		101,398.37	105,887.52	62,293.70	104,855.88	111,059.22	76,342.55	45,779.40	104,916.50	
Total Governmental Activities Expenses	11,905,588.10	12,870,528.85	14,296,864.93	15,220,232.04	16,285,543.46	16,401,029.66	16,544,776.79	16,658,033.23	16,851,991.54	
Business-type Activities:										
Food Service	286,962.07	293,954.51	310,947.81	319,145.53	356,419.66	415,324.33	443,866.25	432,795.51	505,773.97	
Community Services	7,468.00	12,300.00	6,800.00	6,385.34	3,710.06	2,950.00	1,700.00			
Technology Services		16,952.69	202,519.28	410,444.01	594,047.56	662,520.60	678,759.95	641,973.19	752,225.75	
Total Business-type Activities Expenses	294,430.07	323,207.20	520,267.09	735,974.88	954,177.28	1,080,794.93	1,124,326.20	1,074,768.70	1,257,999.72	
Total District Expenses	12,200,018.17	13,193,736.05	14,817,132.02	15,956,206.92	17,239,720.74	17,481,824.59	17,669,102.99	17,732,801.93	18,109,991.26	
Program Revenues										
Governmental Activities:										
Charges for Services:										
Operating Grants and Contributions	511,273.63	592,913.85	713,388.87	702,408.14	798,463.15	637,677.66	288,685.58	368,447.01	247,108.10	
Total Governmental Activities Program Revenues	1,097,199.23	1,267,479.91	1,461,390.95	1,449,735.76	1,842,810.82	915,592.44	994,078.51	1,286,409.19	955,500.56	
Business-type Activities:										
Charges for Services:										
Food Service	1,608,472.86	1,860,393.76	2,174,778.92	2,152,143.90	2,441,273.97	1,553,270.10	1,282,764.09	1,654,856.20	1,202,608.66	
Community Services	131,038.67	134,643.07	125,756.74	108,924.94	108,432.94	104,826.57	97,584.12	87,257.96	80,967.86	
Technology Services	19,895.00	4,830.00	2,365.00	5,750.00	3,911.00	726,449.08	703,062.74	691,682.30	837,101.04	
Operating Grants and Contributions	175,614.73	16,952.69	230,528.07	465,862.20	676,839.96	299,761.16	345,848.34	342,521.58	413,837.75	
Total Business-type Activities Program Revenues	326,548.40	346,560.80	605,452.20	861,623.21	1,080,497.64	1,131,036.81	1,146,495.20	1,121,461.84	1,331,906.65	
Total District Program Revenues	1,935,021.26	2,206,954.56	2,780,231.12	3,013,767.11	3,521,771.61	2,684,306.91	2,429,259.29	2,776,318.04	2,584,515.31	

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Changes in Net Assets
Last Ten Fiscal Years*
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Net (Expense)/Revenue										
Governmental Activities	(10,297,115.24)	(11,010,135.09)	(12,122,086.01)	(13,068,088.14)	(13,844,269.49)	(14,847,759.56)	(15,262,012.70)	(15,003,177.03)	(15,649,382.88)	
Business-type Activities	32,118.33	23,353.60	85,185.11	125,648.33	126,320.36	50,241.88	22,169.00	46,693.14	73,906.93	
Total District-wide Net Expense	(10,264,996.91)	(10,986,781.49)	(12,036,900.90)	(12,942,439.81)	(13,717,949.13)	(14,797,517.68)	(15,239,843.70)	(14,956,483.89)	(15,575,475.95)	
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes	6,869,868.00	7,147,003.00	7,491,583.00	8,986,178.00	9,045,789.00	9,149,866.00	9,370,653.00	9,740,478.00	9,935,288.00	
State Facilities Grant	184,000.00						135,738.82	274,800.01		
Unrestricted Federal and State Aid	3,856,440.07	4,122,334.74	4,365,699.85	4,581,611.42	4,726,659.62	5,928,895.99	5,978,652.23	5,654,539.40	6,604,904.74	
Tuition Received	12,230.89	25,331.18	63,159.67	106,659.77	68,986.32	99,760.00	109,824.28	117,421.68		
Investment Earnings	5,491.35	81,956.04	8,632.39	32,214.75	50,223.01	10,843.44	5,503.99	4,767.69	557.87	
Miscellaneous Income							38,281.09	7,336.39	11,694.37	
Total Governmental Activities	10,927,830.51	11,378,624.96	11,929,074.91	13,706,663.94	13,891,667.95	15,204,419.96	15,638,653.41	15,799,343.17	16,552,444.98	
Business-type Activities:										
Investment Earnings	20.85	1,767.34	4,780.43	9,645.95	9,493.27	1,750.87	972.83	751.37	(31,250.00)	
Cancelled Accounts Receivable										
Total Business-type Activities	20.85	1,767.34	4,780.43	9,645.95	9,493.27	1,750.87	972.83	751.37	(31,250.00)	
Total District-wide	10,927,851.36	11,378,392.30	11,933,855.34	13,716,309.89	13,901,151.22	15,206,170.83	15,639,626.24	15,800,094.54	16,521,194.98	
Change in Net Assets										
Governmental Activities	630,715.27	366,489.87	(193,011.10)	638,575.80	47,388.46	356,660.40	376,640.71	796,166.14	903,062.10	
Business-type Activities	32,139.18	25,120.94	89,965.54	135,294.28	135,813.63	51,992.75	23,141.83	47,444.51	42,656.93	
Total District	662,854.45	391,610.81	(103,045.56)	773,870.08	183,202.09	408,653.15	399,782.54	843,610.65	945,719.03	

Source: CAFR Schedule A-2

* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Fund Balances Governmental Funds
Last Ten Fiscal Years*
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	577,152.92	767,674.05	874,456.09	1,357,802.94	1,351,644.59	1,910,679.90	2,070,979.20	2,176,644.51	2,028,727.28
Unreserved	248,544.06	332,265.49	207,502.73	334,842.57	261,576.00	(32,834.82)	89,484.97	197,494.61	172,090.56
Restricted								150,000.00	69,528.00
Committed								(307,052.48)	(129,888.77)
Assigned									
Unassigned									
Total General fund	825,696.98	1,099,939.54	1,081,958.82	1,692,645.51	1,613,220.59	1,877,845.08	2,160,464.17	2,217,086.64	2,140,457.07
All Other Governmental Funds									
Unreserved, Reported in:									
Special Revenue Fund	(13,766.78)	(9,927.20)	(10,810.01)		(21,693.49)				
Restricted, Reported in:									
Capital Projects Fund	294,800.00	4,081.10	4,081.10			143,944.00	126,735.51	219,255.97	252,181.32
Total All Other Governmental Funds	281,033.22	(5,846.10)	(6,728.91)	0.00	(21,693.49)	143,944.00	126,735.51	219,255.97	252,181.32

Source: CAFR Schedule B-1

* GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	6,275,046.00	6,869,668.00	7,147,003.00	7,491,583.00	8,986,178.00	9,045,789.00	9,149,666.00	9,370,653.00	9,740,478.00	9,935,288.00
Tuition	246,840.23	252,437.60	259,667.22	241,705.83	240,436.62	224,704.85	230,067.20	215,954.90	192,577.09	197,406.50
Transportation Fees	8,493.00	258,836.03	333,246.83	471,683.04	461,971.52	573,758.30	407,610.46	72,730.68	175,869.92	49,701.60
Other Local Government Units - Restricted					872.38		289.69	255.72	2,784.71	557.87
Interest Earned on Capital Reserve Funds								128.00	1,081.44	
Interest Earned on Emergency Reserve Funds	8,490.63	12,230.89	25,331.18	63,159.67	105,787.39	68,986.32	14,584.84	5,119.27	921.54	11,694.37
Miscellaneous	31,110.16	5,491.55	81,955.04	8,632.39	30,632.05	77,862.33	11,843.44	40,728.08	10,879.56	
State Sources	4,318,253.74	4,879,726.54	5,105,115.28	5,532,816.28	5,733,611.90	5,996,974.73	6,458,741.44	5,866,263.79	6,410,773.45	6,954,268.37
Federal Sources	176,387.23	257,912.76	284,699.37	294,273.62	296,753.80	344,658.39	385,746.99	1,239,758.78	801,431.98	606,136.93
Total Revenues	11,064,620.99	12,536,303.37	13,237,018.72	14,103,853.83	15,856,253.66	16,332,931.92	16,757,690.06	16,921,417.50	17,454,199.37	17,755,053.64
Expenditures										
Instruction:										
Regular	3,214,030.45	3,651,441.09	3,778,917.34	3,906,056.49	3,962,340.58	4,289,920.09	4,347,983.13	4,733,799.15	4,626,040.52	4,302,965.83
Special	515,334.94	477,375.01	507,310.68	585,326.62	584,008.31	549,909.36	617,222.64	688,660.50	468,757.85	650,215.02
Other Special Instruction	48,590.00	41,750.00	45,786.67	47,913.39	40,806.33	52,602.29	55,861.69	57,869.47	54,868.29	31,424.27
School-Sponsored/Other Instructional	289,765.69	308,383.62	371,820.48	412,138.20	344,502.56	373,723.36	393,239.13	398,955.65	347,604.37	321,537.11
Community Service Programs		991.60	1,257.91	796.99	500.00	500.00	210.00		750.00	
Support Services:										
Instruction - Tuition	1,298,982.46	1,424,943.83	1,669,651.13	2,193,121.17	2,856,796.52	3,410,699.31	3,929,293.40	3,725,828.44	4,462,458.83	3,754,167.62
Student & Instruction Related Services	1,055,435.21	1,122,281.02	1,279,239.06	1,405,947.50	1,369,480.19	1,331,882.87	1,287,999.06	1,389,784.31	1,352,414.45	2,009,986.23
School Administration	326,964.42	353,778.23	296,887.75	414,260.27	415,612.13	432,655.48	429,595.27	379,911.67	370,748.94	356,561.57
General Administration	500,079.53	451,213.97	434,791.35	437,992.25	446,371.66	503,337.68	480,374.27	371,343.04	387,101.57	353,910.61
Central Services & Admin. Info. Technology			350,755.61	518,986.59	552,705.51	552,604.76	535,926.91	308,387.30	316,196.50	359,102.13
Operations and Maintenance	671,615.05	746,792.38	833,123.19	957,469.33	954,290.69	1,097,152.25	924,514.00	865,030.78	802,068.79	896,593.13
Student Transportation	748,991.44	783,585.08	819,271.33	861,065.75	817,517.98	748,766.55	814,587.76	846,451.34	792,205.88	820,990.28
Business and Other Support Services	357,023.60	433,117.15	2,385.00	2,378,485.65	2,746,740.68	2,800,114.86	2,471,124.37	2,648,531.51	2,703,447.00	2,820,426.23
Employee Benefits	1,734,757.47	1,941,966.96	2,141,011.64	2,378,485.65	2,746,740.68	2,800,114.86	2,471,124.37	2,648,531.51	2,703,447.00	2,820,426.23
Special Schools	158,662.26	122,531.63	514,377.34	22,838.96	149,739.10	279,546.47	23,416.45	242,301.74	620,393.55	1,105,031.83
Capital Outlay			3,569.00	298.00		10,635.00	16,180.00	18,022.00		15,846.00
Charter Schools										
Debt Service:										
Principal										
Interest and Other Charges										
Total Governmental Fund Expenditures	10,920,232.52	11,858,151.57	13,249,655.48	14,122,717.36	15,241,392.24	16,434,050.33	16,327,528.08	16,655,908.90	17,305,056.44	17,798,757.86
Excess (Deficiency) of Revenues Over (Under) Expenditures	144,388.47	678,151.80	(12,636.76)	(18,863.53)	614,861.42	(101,118.41)	430,161.98	265,510.60	149,142.93	(43,704.22)
Other Financing Sources (Uses)										
Operating Transfers In	37,842.83	110,800.00	176,000.00	6,635.28	6,635.28	6,635.28	143,944.00	64,321.43	381,083.00	659,500.00
Operating Transfers Out	(37,842.83)	(110,800.00)	(176,000.00)	(6,635.28)	(6,635.28)	(6,635.28)	(143,944.00)	(64,321.43)	(381,083.00)	(659,500.00)
Cancellation of Contracts Payable					2,564.18					
Prior Year Adjustment										
Total Other Financing Sources (Uses)					2,564.18					
Total Other Financing Sources (Uses)					2,564.18					
Net Changes in Fund Balance	144,388.47	678,151.80	(12,636.76)	(18,863.53)	617,415.60	(101,118.41)	430,161.98	265,510.60	149,142.93	(43,704.22)
Debt Service as a percentage of noncapital expenditures										

Sources: CAFR Schedule B-2

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.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Reimburse/ Tuition</u>	<u>Interest on Investments</u>	<u>Interlocal Agree- ments</u>	<u>Transpor- tation Fees</u>	<u>Various Misc.</u>	<u>Total</u>
2003	8,493.00	8,490.63	33,576.30	246,840.23	5,526.86	302,927.02
2004		12,230.90	258,836.03	252,437.60	5,491.55	528,996.08
2005	4,786.56	25,331.18	333,246.63	259,667.22	77,169.48	700,201.07
2006		63,159.67	471,683.04	241,705.83	8,632.39	785,180.93
2007		106,659.77	461,971.52	240,436.62	29,660.57	838,728.48
2008		68,986.32	573,758.30	224,704.85	50,223.01	917,672.48
2009	99,160.00	14,854.53	407,610.46	230,067.20	10,843.44	762,535.63
2010	109,824.28	5,503.99	72,730.68	215,954.90	38,281.09	442,294.94
2011	117,421.68	4,767.69	175,869.92	192,577.09	7,336.39	497,972.77
2012		557.87	49,701.60	197,406.50	11,694.37	259,360.34

Source: District records.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Borough of Haledon

Year Ended Dec. 31,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
								a			b
2002	3,878,500	257,765,500		36,114,600	13,242,700	8,519,000	319,520,300	4,583,918	324,104,218	347,418,519	0.6040
2003	3,839,900	257,575,100		36,388,300	13,706,200	8,519,000	320,028,500	4,028,646	324,057,146	391,221,043	0.6890
2004	3,701,000	258,419,200		36,649,500	13,706,200	8,519,000	320,994,900	3,688,959	324,683,859	449,613,377	0.7930
2005	3,939,500	259,105,400		36,769,600	13,331,300	8,519,000	321,684,800	3,180,664	324,795,464	511,141,503	0.8685
2006	4,185,600	259,382,500		36,698,800	13,331,300	8,519,000	322,117,200	2,509,914	324,627,114	581,184,375	1.1010
2007	4,029,100	260,764,400		36,531,100	13,211,300	8,519,000	323,054,900	2,242,877	325,297,777	653,909,853	1.0020
2008	3,850,100	265,559,200		36,981,100	13,454,800	8,519,000	328,364,200	2,107,172	330,471,372	728,289,992	1.0782
2009	3,719,000	269,213,000		36,121,100	12,225,500	8,479,300	329,757,900	2,085,718	331,843,618	731,423,304	1.1251
2010	3,753,800	268,758,200		36,305,300	12,225,500	8,479,300	329,522,100	2,263,700	331,785,800	686,445,115	1.2160
2011	3,769,400	268,482,000		36,680,800	12,235,300	8,479,300	329,646,800		329,646,800	652,803,380	1.2986

Source: Passaic County, Abstract of Rates and 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 County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100 of assessed value.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Borough of North Haledon

Year Ended Dec. 31,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
								a			b
2002	6,527,600	333,207,700	366,600	17,496,700	2,199,600		359,798,200	445,487	360,243,687	726,944,554	0.8570
2003	8,429,700	335,081,200	366,600	17,079,700	2,199,600		363,156,800	457,124	363,613,924	795,416,743	0.9000
2004	21,441,800	349,277,400	366,600	17,089,100	2,147,700		390,322,600	442,073	390,764,673	969,774,115	0.8030
2005	13,246,700	378,280,700	366,600	17,225,800	2,147,700		411,267,500	366,953	411,634,453	1,160,530,628	0.7270
2006	4,255,000	413,740,400	234,100	17,074,200	2,147,700		437,451,400	407,893	437,859,293	1,366,242,467	0.7950
2007	3,721,600	418,440,600	234,100	16,988,300	2,147,700		441,542,300	395,762	441,938,062	1,489,799,091	0.7250
2008	3,379,000	422,150,200	234,100	17,270,300	2,147,700		445,181,300	393,097	445,574,397	1,576,933,836	0.6410
2009	3,204,600	424,852,600	234,100	18,123,600	2,147,700		448,562,600	412,748	448,975,348	1,592,854,822	0.6383
2010	2,618,100	418,423,900	234,100	17,729,600	2,147,700		441,153,400	432,330	441,585,730	1,592,854,822	0.6629
2011	2,553,400	419,383,900	234,100	17,734,900	2,147,700		442,054,000	371,880	442,425,880	1,417,911,637	0.6650

Source: Passaic County, Abstract of Ratables and 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 County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100 of assessed value.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Borough of Prospect Park

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
2002	3,090,200	158,662,500		14,981,750	2,757,400		179,481,850	355,216	179,837,066	197,558,320	0.6590
2003	3,090,200	159,238,900		14,710,950	2,757,400		179,797,450	340,410	180,137,860	220,013,039	0.7490
2004	3,090,200	159,548,300		14,713,650	2,757,400		180,109,550	303,010	180,412,560	251,666,677	0.7860
2005	3,090,200	159,916,200		14,541,650	2,757,400		180,305,450	269,100	180,574,550	295,088,984	0.9206
2006	3,195,200	159,799,100		14,986,750	2,757,400		180,738,450	238,200	180,976,650	344,156,105	1.0540
2007	3,155,200	160,051,300		14,911,150	2,755,700		180,873,350	224,100	181,097,450	394,772,525	1.1909
2008	3,115,200	160,822,300		14,728,350	2,755,700		181,421,550	218,000	181,639,550	437,891,819	1.4928
2009	3,115,200	160,946,100		14,729,550	2,755,700		181,546,550	221,200	181,767,750	437,588,586	1.5146
2010	3,048,500	161,102,900		14,707,150	2,755,700		181,614,250	228,200	181,842,450	395,063,261	1.5192
2011	3,118,900	160,604,900		14,879,950	2,755,700		181,359,450	228,200	181,587,650	349,591,017	1.4899

Source: Passaic County, Abstract of Ratables and 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 County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100 of assessed value.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$100 of Assessed Valuation
Borough of Haledon

Assessment Year	Basic Rate ^a	General Obligation Debt Service ^b	Overlapping Rates				Total Direct and overlapping Tax Rate
			Regional School District	Local School District	Municipality	County	
2002	0.6004	0.0036	0.6040	1.7000	1.0230	0.6530	3.9800
2003	0.6890		0.6890	1.2860	1.1030	0.7020	3.7800
2004	0.7930		0.7930	1.4300	1.1190	0.7680	4.1100
2005	0.8685		0.8685	1.5270	1.1476	0.8269	4.3700
2006	1.1010		1.1010	1.5760	1.2050	0.9380	4.8200
2007	1.0020		1.0020	1.5750	1.4150	0.9980	4.9900
2008	1.0782		1.0782	1.6158	1.5166	1.1124	5.3230
2009	1.1251		1.1251	1.6062	1.6419	1.1048	5.4780
2010	1.2160		1.2160	1.6380	1.7950	1.1090	5.7580
2011	1.2986		1.2986	1.6989	1.9033	1.1402	6.0410

Source: District Records and Municipal Tax Collector.

- 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.

Borough of North Haledon

Assessment Year	Basic Rate ^a	General Obligation Debt Service ^b	Overlapping Rates				Total Direct and overlapping Tax Rate
			Regional School District	Local School District	Municipality	County	
2002	0.8519	0.0051	0.8570	1.4030	1.3190	1.2310	4.8100
2003	0.9000		0.9000	1.5100	1.3660	1.2740	5.0500
2004	0.8030		0.8030	1.5110	1.3520	1.3740	5.0400
2005	0.7270		0.7270	1.4680	1.4810	1.4840	5.1600
2006	0.7950		0.7950	1.7080	1.5190	1.6380	5.6600
2007	0.7250		0.7250	1.8520	1.5540	1.6690	5.8000
2008	0.6410		0.6410	1.9104	1.7277	1.7869	6.0660
2009	0.6383		0.6383	1.9807	1.8032	1.7868	6.2090
2010	0.6629		0.6629	2.0814	1.9937	1.7900	6.5280
2011	0.6630		0.6630	2.1368	2.0132	1.8481	6.6610

Source: District Records and Municipal Tax Collector.

- 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.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$100 of Assessed Valuation

Borough of Prospect Park

Assessment Year	Basic Rate ^a	General Obligation Debt Service ^b	Overlapping Rates				Total Direct and overlapping Tax Rate
			Regional School District	Local School District	Municipality	County	
2002	0.6550	0.0040	0.6590	0.9030	1.1270	0.6710	3.3600
2003	0.7490		0.7490	0.9480	1.1640	0.7090	3.5700
2004	0.7860		0.7860	1.0910	1.2410	0.7720	3.8900
2005	0.9206		0.9206	1.3325	1.3184	0.8585	4.4300
2006	1.0540		1.0540	1.4300	1.4370	0.9990	4.9200
2007	1.1909		1.1909	1.4279	1.5217	1.0795	5.2200
2008	1.4928		1.4928	1.4233	1.5875	1.2174	5.7210
2009	1.5146		1.5146	1.4418	1.6947	1.2129	5.8640
2010	1.5192		1.5192	1.5060	1.9228	1.1680	6.1160
2011	1.4899		1.4899	1.5779	2.0387	1.1085	6.2150

Source: District Records and Municipal Tax Collector.

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.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago

Borough of Haledon

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Acquaknok Village	6,227,900	1	1.89%	6,241,500	1	1.93%
A.M. Realty Assoc.	3,667,600	2	1.11%	4,675,600	3	1.44%
Stone Industries	3,872,100	3	1.17%	2,824,900	4	0.87%
Self Storage of Haledon	2,130,000	4	0.65%	2,250,000	5	0.69%
Bel-Jo Assoc. LP	2,090,700	5	0.63%	2,090,700	6	0.65%
Nationwide Enterprises, LLC	1,582,000	6	0.48%			
Faber Bros. Holdings, LLC	1,205,000	7	0.37%			
Taxpayer #1	1,085,300	8	0.33%			
20 Halsey Corp	800,000	9	0.24%			
Verizon	723,800	10	0.22%	5,383,918	2	1.66%
293 Morrissee, Inc.				1,017,400	7	0.31%
	<u>23,384,400</u>		<u>7.09%</u>	<u>24,484,018</u>		<u>7.55%</u>

Sourc: Municipal Tax Assessor's Office.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago

Borough of Norht Haledon

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
High Mountain Realty, LLC	2,499,500	1	0.56%			
535 Associates, LLC	1,622,200	2	0.37%			
1243 Belmont Ave., Corp.	1,360,100	3	0.31%	1,360,100	5	0.38%
Sicomac Realty, LLC	1,350,900	4	0.31%			
Hofer Heights	1,201,600	5	0.27%	1,201,600	6	0.33%
Tanis, William Sr.	1,017,700	6	0.23%	1,188,000	8	0.33%
High Mountain Realty Group	976,700	7	0.22%			
Rainmaker Capital of No. Haledon	903,200	8	0.20%			
NJTT Realty, LLC	722,200	9	0.16%	774,100	10	0.21%
Overlook Properties	615,300	10	0.14%			
India Quarry				1,833,100	1	0.51%
Shotmeyer/Kennedy				1,646,200	2	0.46%
Danza Group VII				1,512,800	3	0.42%
Mountain Center Realty				1,450,900	4	0.40%
High Mountain Plaza, LLC				1,197,000	7	0.33%
Ideal Industrial Park, Inc.				807,800	9	0.22%
	<u>12,269,400</u>		<u>2.77%</u>	<u>12,971,600</u>		<u>3.60%</u>

Sourc: Municipal Tax Assessor's Office.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago
Borough of Prospect Park

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Tilcon, N.J., Inc.	4,431,700	1	2.44%	4,376,100	1	2.43%
Schon Family, LLC	1,300,000	2	0.72%			
Hazen Realty, Inc.	1,252,500	3	0.69%	1,248,200	3	0.69%
Tilcon, N.J., Inc.	980,200	4	0.54%			
DS Acquisitions	950,000	5	0.52%	1,094,100	4	0.61%
Jackson Realty	924,400	6	0.51%			
Formed Realty, LLC	655,100	7	0.36%	655,100	6	0.36%
Taxpayer #1	647,700	8	0.36%			
Lont & Overcamp	505,200	9	0.28%	550,000	7	0.31%
US Bank National Assoc.	504,300	10	0.28%			
100 Holdings, LLC				800,000	5	0.44%
Hazen Realty				1,300,000	2	0.72%
Lont & Weibrect				400,000	8	0.22%
Taxpayer #4				348,200	9	0.19%
Taxpayer #5				304,800	10	0.17%
	<u>12,151,100</u>		<u>6.69%</u>	<u>11,076,500</u>		<u>6.16%</u>

Sourc: Municipal Tax Assessor's Office.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**School Tax Levies and Collections
Last Ten Years**

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2003	6,275,046	6,275,046	100.00%	
2004	6,869,668	6,869,668	100.00%	
2005	7,147,003	7,147,003	100.00%	
2006	7,491,583	7,491,583	100.00%	
2007	8,986,178	8,986,178	100.00%	
2008	9,045,789	8,270,955	91.43%	774,834
2009	9,149,666	8,625,116	94.27%	524,550
2010	9,370,653	9,370,653	100.00%	
2011	9,740,478	9,740,478	100.00%	
2012	9,934,288	8,992,699	90.52%	941,589

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

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANS)	Capital Leases		
2003			71,302.14			0.03%	2
2004						0.00	
2005						0.00	
2006						0.00	
2007						0.00	
2008						0.00	
2009						0.00	
2010						0.00	
2011						0.00	
2012						0.00	

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

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

Exhibit J-11

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	-	-	0.00	0.00%	
2004	-	-	0.00	0.00%	
2005	-	-	0.00	0.00%	
2006	-	-	0.00	0.00%	
2007	-	-	0.00	0.00%	
2008	-	-	0.00	0.00%	
2009	-	-	0.00	0.00%	
2010	-	-	0.00	0.00%	
2011	-	-	0.00	0.00%	
2012	-	-	0.00	0.00%	

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
^a Equalized valuation of Regional School District.
^b Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Haledon	\$ 10,450,533	100.000%	\$ 10,450,533
Borough of North Haledon	14,076,409	100.000%	14,076,409
Borough of Prospect Park	3,054,619	100.000%	3,054,619
Other debt			
Passaic County General Obligation Debt	337,860,171	4.53733%	15,329,837
Passaic County Utility Authority	59,080,000	4.53733%	2,680,656
Subtotal, overlapping debt			45,592,053
Manchester Regional High School District Direct Debt			<u> -</u>
Total direct and overlapping debt			<u><u>\$ 45,592,053</u></u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Anytown. 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.

(1) Debt Information as of December 31, 2011.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**Demographic and Economic Statistics
Last Ten Years**

Borough of Haledon

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2002	8,317	267,765,815	32,195	4.40%
2003	8,307	270,683,595	32,585	4.50%
2004	8,276	276,170,120	33,370	4.50%
2005	8,235	290,440,215	35,269	7.10%
2006	8,201	310,530,865	37,865	7.50%
2007	8,303	333,971,569	40,223	7.00%
2008	8,468	351,896,208	41,556	9.00%
2009	8,705	351,908,330	40,426	16.80%
2010	8,325	351,548,100	42,228	17.10%
2011	8,331	Not Available	Not Available	16.90%

- Source:
- (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2002-2011)
 - (2) Personal income of the District is based on County Information.
 - (3) U.S. Department of Commerce, County Information 2002-2010.
 - (4) N.J. Department of Labor.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Demographic and Economic Statistics
Last Ten Years

Borough of North Haledon

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2002	7,973	256,690,735	32,195	5.30%
2003	8,234	268,304,890	32,585	5.50%
2004	8,638	288,250,060	33,370	4.20%
2005	8,893	313,647,217	35,269	2.50%
2006	8,864	335,635,360	37,865	2.60%
2007	8,843	355,691,989	40,223	2.40%
2008	8,851	367,812,156	41,556	3.10%
2009	8,897	359,670,122	40,426	6.10%
2010	8,423	355,686,444	42,228	6.20%
2011	8,432	Not Available	Not Available	6.10%

- Source:
- (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2002-2011)
 - (2) Personal income of the District is based on County Information.
 - (3) U.S. Department of Commerce, County Information 2002-2010.
 - (4) N.J. Department of Labor.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Demographic and Economic Statistics
Last Ten Years

Borough of Prospect Park

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2002	5,768	185,700,760	32,195	5.30%
2003	5,735	186,874,975	32,585	5.50%
2004	5,687	189,775,190	33,370	4.20%
2005	5,646	199,128,774	35,269	6.20%
2006	5,610	212,422,650	37,865	6.30%
2007	5,578	224,363,894	40,223	5.90%
2008	5,569	231,425,364	41,556	7.50%
2009	5,605	226,587,730	40,426	14.40%
2010	5,871	247,920,588	42,228	14.60%
2011	5,874	Not Available	Not Available	14.40%

- Source:
- (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2002-2011)
 - (2) Personal income of the District is based on County Information.
 - (3) U.S. Department of Commerce, County Information 2002-2010.
 - (4) N.J. Department of Labor.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Employers

Current and Nine Years Ago

2011

2002

INFORMATION IS NOT AVAILABLE

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction	56	56	56	56	56	56	56	56	56	47
Regular	8	8	8	8	8	8	8	9	8	13
Special education	3	3	3	3	3	3	3	3	3	3
Other special education	1	1	1	1	1	-	-	-	-	-
Other instruction										
Support Services:										
Student & instruction related services	11	11	11	11	11	13	13	7	7	7
General administration	2	2	2	2	2	2	2	2	2	2
School administrative services	4	4	4	4	4	4	4	6	6	6
Other administrative services										
Central services	3	4	4	4	4	4	4	4	4	4
Administrative Information Technology	1	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	7	8	8	8	8	8	8	8	8	8
Pupil transportation										
Other support services	2	2	2	3	3	3	3	3	3	3
Interlocals			1	2	3	5	6	8	12	12
Food Service	3	3	4	4	4	4	4	4	7	7
Total	101	104	105	108	109	113	114	111	118	114

Source: District Personnel Records

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Operating Statistics,
Last Ten Fiscal Years

Fiscal Year	Pupil/Teacher Ratio									
	a		b		c		% Change		Student Attendance Percentage	
	Enrollment	Expenditures	Cost Per Pupil	% Change	Teaching Staff	High School	Average Daily Enrollment	Average Daily Attendance	% Change in Average Daily Enrollment	Student Attendance Percentage
2002-2003	747	10,761,570.26	14,406.39	6.65%	64	11.4	733.70	662.50	1.09%	90.30%
2003-2004	792	11,735,619.94	14,817.70	2.86%	65	10.9	788.30	751.70	7.44%	95.36%
2004-2005	764	12,735,278.14	16,669.21	12.50%	65	11.1	757.60	712.70	-3.89%	94.07%
2005-2006	770	14,099,878.40	18,311.53	9.85%	65	10.7	763.50	725.30	0.78%	95.00%
2006-2007	793	15,091,653.14	19,031.09	3.93%	65	12.6	792.50	786.40	3.80%	99.23%
2007-2008	796	16,154,503.86	20,294.60	6.64%	65	12.9	838.50	809.00	5.80%	96.48%
2008-2009	774	16,304,111.63	21,064.74	3.79%	65	11.9	787.00	774.00	-6.14%	98.35%
2009-2010	763	16,413,605.16	21,511.93	2.12%	65	11.7	778.00	763.00	-1.14%	98.07%
2010-2011	820	16,684,662.89	20,347.15	-5.41%	64	12.4	793.40	732.80	1.98%	92.36%
2011-2012	873	16,693,726.03	19,122.25	-6.02%	60	14.6	904.60	845.30	14.02%	93.44%

Sources: District Records

Note: Enrollment based on annual October district count.

a-Operating Expenditures equal total expenditures less debt service and capital outlay.

b-Teaching staff includes only full-time equivalents of certificated staff.

c-Average daily enrollment and average daily attendance are obtained from the School Register Summary.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

<u>District Buildings</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Manchester Regional</u>										
High School	132,643	132,643	132,643	132,643	132,643	132,643	132,643	132,643	132,643	132,643
Square Feet	684	684	684	684	684	684	684	684	684	684
Capacity(students)	747	792	764	770	793	796	774	763	820	873
Enrollment										

Number of Schools at June 30, 2012
 High School =1

Source: District Facilities Office

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
For the Fiscal Year Ended June 30,

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
* School Facilities										
Regional High School	152,628.37	94,328.48	187,032.49	191,022.15	361,371.03	252,323.06	202,766.00	156,922.00	132,343.00	62,241.00
Total School Facilities	<u>152,628.37</u>	<u>94,328.48</u>	<u>187,032.49</u>	<u>191,022.15</u>	<u>361,371.03</u>	<u>252,323.06</u>	<u>202,766.00</u>	<u>156,922.00</u>	<u>132,343.00</u>	<u>62,241.00</u>

* School facilities as defined under EFCA. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**Insurance Schedule
June 30, 2012**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Suburban Essex JIF		
Reinsurer: Selective Insurance Company		
Property - Blanket Limit of JIF	150,000,000	500 per mbr.
Member Limit:	30,982,992	
Fund Deductible		100,000
Comprehensive General Liability	10,000,000	
Employee Benefits Liability	10,000,000	
Comprehensive Automobile Liability	10,000,000	
Public Employees' Faithful Performance Bond	500,000	
School Leaders Errors & Omissions	10,000,000	
A C E American Insurance Company		
Suburban Essex JIF		10,000
Workers Compensation		
Limit of Liability	WC EL	Statutory 10,000,000
Suburban Essex JIF		100,000
Public Employees' Faithful Performance		
Position Bond		
Board Secretary/Business Administrator	100,000	
Travelers Insurance Co.		

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
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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
Manchester Regional High School District
County of Passaic, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Manchester Regional High School District in the County of Passaic as of and for the fiscal year ended June 30, 2012 which collectively comprise the basic financial statements of the Board of Education of the Manchester Regional High School District in the County of Passaic, and have issued our report thereon dated November 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Board of Education of the Manchester Regional High School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Manchester Regional High School District Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Manchester Regional High School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Manchester Regional High School District Board of Education's internal control over financial reporting.

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



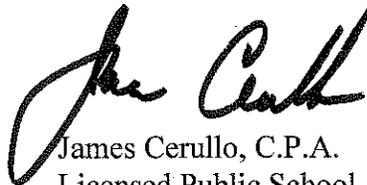
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance that we have reported to the Board of Education of the Manchester Regional High School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 16, 2012.

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



James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

November 16, 2012

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Education
Manchester Regional High School District
County of Passaic, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Manchester Regional High School District in the County of Passaic with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. Manchester Regional High School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Manchester Regional High School District Board of Education's management. Our responsibility is to express an opinion on the Manchester Regional High School District Board of Education's compliance based on our audit.

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



In our opinion, the Manchester Regional High School District Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012.

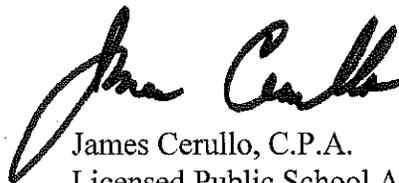
Internal Control Over Compliance

The management of the Manchester Regional High School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Manchester Regional High School District Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Manchester Regional High School District Board of Education's internal control over compliance.

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

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

This report is intended solely for the information of the management, the Manchester Regional High School Board of Education, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881



FERRAIOLI, WIELKOTZ CERULLO & CUVA, P.A.
Certified Public Accountants

November 16, 2012



MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2012

Federal Grant/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011	Carryover/Adjustments	Cash Received	Budgetary Expenditures	Adjustments Repayment of Prior Year's Balance	Balance at June 30, 2012		MEMO Total Expenditures
										Accounts Receivable	Deferred Revenue	
U.S. Department of Education:												
Special Revenue Fund:												
General Fund: Education Jobs Fund	84.010	N/A	08/10/10-09/30/12	187,252.00			119,505.00	(135,435.00)			(15,934.00)	135,435.00
Medical Assistance Program (SEMF)	93.778	N/A	07/01/11-06/30/12	11,801.32			11,801.32	(11,801.32)				11,801.32
Total General Fund							131,306.32	(147,240.32)			(15,934.00)	147,240.32
U.S. Department of Education Passed-Through State Department of Education:												
Special Revenue Fund:												
Title I - Improving Basic Programs	84.010	NCLB3980-12	09/01/11-08/31/12	197,841.00			135,632.00	(180,567.82)				180,567.82
Title I - Improving Basic Programs	84.010	NCLB3980-11	09/01/10-08/31/11	202,696.00	(55,283.72)		58,750.00	(3,466.28)	899.25		899.25	201,796.75
Title II-A- Teacher & Principal Training/Recruiting	84.367	NCLB3980-12	09/01/11-08/31/12	12,241.00			11,687.00	(9,032.15)				13,553.10
Title II-A- Teacher & Principal Training/Recruiting	84.367	NCLB3980-11	09/01/10-08/31/11	13,680.00	(1,461.59)		3,571.00	(2,109.41)			126.90	12,545.00
Title II-A- Teacher & Principal Training/Recruiting	84.367	NCLB3980-10	09/01/09-08/31/10	17,438.00	56.00		403.00	(953.00)				953.00
Title II-D- Enhancing Education Through Technology	84.318	NCLB3980-11	09/01/10-08/31/11	968.00					601.00			531.00
Title II-D- Enhancing Education Through Technology	84.318	NCLB3980-10	09/01/09-08/31/10	1,394.00	(601.00)				(19.00)			1,609.00
Title II-D- Enhancing Education Through Technology	84.318	NCLB3980-08	09/01/07-08/31/08	550.00	19.00				139.20			3,136.75
Title IV - Safe and Drug Free Schools	84.186	NCLB3980-11	09/01/10-08/31/11	2,216.00	(1,748.20)		1,609.00					12,346.98
Title IV - Safe and Drug Free Schools	84.186	NCLB3980-10	09/01/09-08/31/10	3,511.00	(881.25)		707.00					174.25
Vocational Ed. - Carl Perkins	84.058	PERK3980-08	07/01/07-06/31/08	12,340.98	1,371.02				(1,371.02)			1,609.00
ID.E.A. Part B - Basic Regular	84.027	IDEA3980-12	09/01/11-08/31/12	305,945.70			151,841.00	(235,885.81)			(84,044.81)	330,380.00
ID.E.A. Part B - Basic Regular	84.027	IDEA3980-11	09/01/10-08/31/11	220,740.30	(44,694.30)		44,694.00		0.30			220,740.30
ARRA Title I Part A	84.389	ARRA3980-10	07/01/09-08/31/11	96,199.00	(14,097.81)		14,810.00	(853.85)			5.54	95,915.46
ARRA - ID.E.A. Part B - Basic	84.391	ARRA3980-10	07/01/09-08/31/11	330,380.00	(58,077.32)		67,178.00	(9,100.68)				330,380.00
Total Special Revenue Fund					(74,849.17)		490,882.00	(441,969.00)	642.08		(128,580.63)	1,309,954.97
U.S. Department of Agriculture Passed-Through State Department of Education:												
Enterprise Fund:												
Food Distribution Program	10.550		07/01/11-06/30/12	27,463.95		645.64	27,463.95	(27,215.35)			894.24	27,215.35
Food Distribution Program	10.550		07/01/10-06/30/11	11,528.74	645.64	(645.64)						118,707.45
School Breakfast Program	10.553		07/01/11-06/30/12	118,707.45			108,965.37	(118,707.45)			(9,742.08)	118,707.45
School Breakfast Program	10.553		07/01/10-06/30/11	109,928.72	(10,898.16)		240,189.53	(262,051.01)			(21,861.48)	262,051.01
National School Lunch Program	10.555		07/01/11-06/30/12	262,051.01			20,165.06					262,051.01
National School Lunch Program	10.555		07/01/10-06/30/11	216,002.92	(20,165.06)							407,973.81
Total Enterprise Fund					(30,417.58)		407,682.07	(407,973.81)			(31,603.56)	407,973.81
TOTAL FEDERAL FINANCIAL AWARDS					(205,266.75)		1,029,870.39	(997,183.13)	642.08		(176,518.19)	1,865,169.10

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balances at June 30, 2011			Carryover/Walkover Amount	Cash Received	Budgetary Expenditures	Adjustment/Repayment of Prior Year's Balance	Balance at June 30, 2012			MEMO
				Deferred Revenue/ (Accts. Receivable)	Due To Grantor	Due To					Accounts Receivable	Deferred Revenue	Due To Grantor	
State Department of Education:														
General Fund:														
Equalization Aid	12-495-034-5120-078	07/01/11-06/30/12	4,236,288.00				3,792,944.00	(4,236,288.00)					443,344.00	4,236,288.00
Special Education Categorical Aid	12-495-034-5120-089	07/01/11-06/30/12	457,393.00				409,525.00	(457,393.00)					47,868.00	457,393.00
Security Categorical Aid	07/01/11-06/30/12	07/01/11-06/30/12	46,240.00				41,401.00	(46,240.00)					4,839.00	46,240.00
School Choice Aid	12-495-034-5120-001	07/01/11-06/30/12	778,339.00				696,883.00	(778,339.00)					81,456.00	778,339.00
Extraordinary Aid	12-100-034-5120-473	07/01/11-06/30/12	184,707.00				99,714.00	(184,707.00)						184,707.00
Extraordinary Aid	11-100-034-5120-473	07/01/10-06/30/11	99,714.00	(99,714.00)										
Reimbursement of Nonpublic Transportation	11-495-034-5120-014	07/01/11-06/30/12	14,457.38				9,313.50	(14,457.38)						14,457.38
Reimbursement of Nonpublic Transportation	11-495-034-5120-014	07/01/10-06/30/11	9,313.50	(9,313.50)										
Aid - Bullying Grant	N/A	07/01/11-06/30/12	133.00				133.00	(133.00)						133.00
On-Behalf Teachers' Pension and Annuity	12-495-034-5095-006	07/01/11-06/30/12	166,403.00				166,403.00	(166,403.00)						166,403.00
On-Behalf TPAP - Post Retirement Medical	12-495-034-5095-001	07/01/11-06/30/12	370,412.00				370,412.00	(370,412.00)						370,412.00
On-Behalf TPAP - Non-contributory Insurance	12-495-034-5095-007	07/01/11-06/30/12	17,857.00				17,857.00	(17,857.00)						17,857.00
Reimbursed TPAP - Social Security	12-495-034-5095-002	07/01/11-06/30/12	382,391.04				363,087.04	(382,391.04)						382,391.04
Reimbursed TPAP - Social Security	11-495-034-5095-002	07/01/10-06/30/11	407,305.00	(19,536.56)			19,536.56						577,307.00	6,654,620.42
Total General Fund				(128,863.86)			5,987,208.90	(6,654,620.42)						6,654,620.42
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Auxiliary Services:														
Compensatory Services	12-100-034-5120-067	07/01/11-06/30/12	67,626.00				67,626.00	(43,365.51)			24,260.49			43,365.51
Compensatory Services	11-100-034-5120-067	07/01/10-06/30/11	51,073.00	9,544.51					(9,544.51)					
English as a Second Language	12-100-034-5120-067	07/01/11-06/30/12	26,724.00				26,724.00	(16,306.48)			10,517.52			16,206.48
English as a Second Language	11-100-034-5120-067	07/01/10-06/30/11	9,392.00	7,684.36					(7,684.36)					
Home Instruction	12-100-034-5120-067	07/01/11-06/30/12	3,310.32				7,930.41	(3,310.32)						3,310.32
Home Instruction	11-100-034-5120-067	07/01/10-06/30/11	7,930.41	(7,930.41)										
Handicapped Services:														
Initial Exam. & Classification	12-100-034-5120-066	07/01/11-06/30/12	50,686.00				50,686.00	(37,017.26)			13,668.74			37,017.26
Initial Exam. & Classification	11-100-034-5120-066	07/01/10-06/30/11	55,778.00	10,841.94					(10,841.94)					
Annual Exam. & Classification	12-100-034-5120-066	07/01/11-06/30/12	10,327.00				10,327.00	(3,633.33)			1,501.67			10,327.00
Annual Exam. & Classification	11-100-034-5120-066	07/01/10-06/30/11	5,135.00				5,135.00							5,135.00
Corrective Speech	12-100-034-5120-066	07/01/11-06/30/12	4,381.00	2,112.25			45,880.00	(43,353.90)			2,526.04			43,353.90
Corrective Speech	11-100-034-5120-066	07/01/10-06/30/11	45,880.00				30,061.00	(29,785.81)			275.19			29,785.81
Supplementary Instruction	12-100-034-5120-066	07/01/11-06/30/12	35,437.00	347.92			42,940.00	(42,940.00)			119.97			42,940.00
Supplementary Instruction	11-100-034-5120-066	07/01/10-06/30/11	36,776.00	68.87			287,309.41	(229,939.67)			52,869.62			229,939.67
Textbook Aid	11-100-034-5120-064	07/01/10-06/30/11	42,940.00	457.15					(457.15)					
Textbook Aid	12-100-034-5120-070	07/01/11-06/30/12	4,000.00	31,057.00					(31,057.00)					
Nursing Services	03-495-034-5120-053	07/01/02-06/30/05												
Character Education Aid														
State Department of Human Services:														
Special Revenue Fund:														
School Based Youth Service Program	SB10034	07/01/11-06/30/12	263,976.00				263,976.00	(263,976.00)						263,976.00
Total Special Revenue Fund				(7,930.41)			551,285.41	(493,915.62)			52,869.62			493,915.62
Capital Projects Fund:														
State School Building Aid - EFCEA Grant	SP #3980-010-09-1002	N/A	269,917.00	(187,406.64)			107,181.63							187,406.64
State School Building Aid - EFCEA Grant	SP #3980-010-09-1003	N/A	115,678.57	(115,678.57)			115,678.57							115,678.57
State School Building Aid - EFCEA Grant	SP #3980-010-09-1001	N/A	235,342.00	(107,453.62)			222,860.20							107,453.62
Total Capital Projects Fund				(410,538.83)										410,538.83
State Department of Agriculture:														
Enterprise Fund:														
National School Lunch Program (State Share)	12-100-010-3360-067	07/01/11-06/30/12	5,863.94	(678.41)			5,397.80	(5,863.94)			(466.14)			5,863.94
National School Lunch Program (State Share)	11-100-010-3360-067	07/01/10-06/30/11	5,061.20	(678.41)			6,076.21	(5,863.94)			(466.14)			5,863.94
Total Enterprise Fund				(678.41)										
TOTAL STATE FINANCIAL ASSISTANCE				(547,711.51)			6,767,450.72	(7,154,400.03)			52,869.62			7,564,938.86

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Manchester Regional High School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(196,956.00) for the general fund and \$19,615.89 for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$147,240.32	\$6,457,664.42	\$6,604,904.74
Special Revenue Fund	458,896.61	496,603.95	955,500.56
Capital Projects Fund	0.00	0.00	0.00
Food Service Fund	<u>407,973.81</u>	<u>5,863.94</u>	<u>413,837.75</u>
Total Awards and Financial	<u>\$1,014,110.74</u>	<u>\$6,960,132.31</u>	<u>\$7,974,243.05</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the food distribution program represent current year value received and current year distribution respectively.

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- 1. Material weakness(es) identified? yes X no
- 2. Significant deficiencies 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

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: unqualified

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>84.027</u>	<u>I.D.E.A. - Part B</u>
<u>84.391</u>	<u>ARRA - I.D.E.A. - Part B</u>

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

Auditee qualified as low-risk auditee? X yes no

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

State Awards

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

Auditee qualified as low-risk auditee? X yes no

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>12-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>12-495-034-5120-001</u>	<u>School Choice</u>

Section II - Financial Statement Findings

None

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

No matters were reported.

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Status of Prior Year Findings

There were no prior year audit findings.