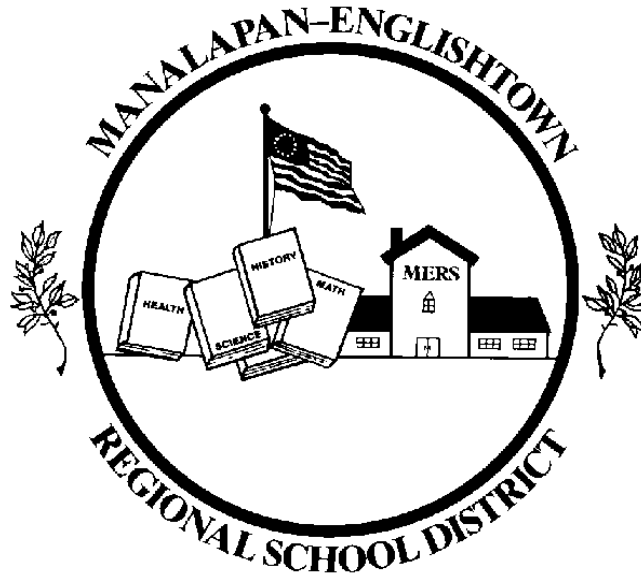


MANALAPAN - ENGLISHTOWN

REGIONAL SCHOOLS



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

June 30, 2016

**MANALAPAN-ENGLISHTOWN SCHOOL DISTRICT
ENGLISHTOWN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

Prepared by

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

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION	Page
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION	
Independent Auditors' Report	10-12
REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion and Analysis	14-23
BASIC FINANCIAL STATEMENTS	
A. District-wide Financial Statements	
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	27
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	28
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Proprietary Funds	
B-4 Statement of Net Position	30
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	31
B-6 Statement of Cash Flows	32
Fiduciary Funds	
B-7 Statement of Fiduciary Net Position	33
B-8 Statement of Changes in Fiduciary Net Position	34
Notes to Financial Statement	35-57
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	59-63
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	64
Notes to Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	65

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION – PART III	Page
L. Schedules Related to Accounting and Reporting for Pensions (GASB)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	67
L-2 Schedule of District Contributions – PERS	68
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	69
Notes to the Required Supplementary Information – Part III	70
 OTHER SUPPLEMENTARY INFORMATION	
D. School Level Schedules	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures Budget and Actual	N/A
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	72-75
E-2 Schedule of Preschool Education Aid Expenditures - Preschool – All Programs - Budgetary Basis	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Revenue, Expenditures and Changes in Fund Balance - Budgetary Basis	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes In Fund Balance – Budgetary Basis	N/A
F-2's Schedules of Project Revenues, Expenditures, Project Balance And Project Status – Budgetary Basis	N/A
G. Proprietary Funds	
Enterprise Fund	
G-1 Combining Schedule of Net Position	76
G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	77
G-3 Combining Schedule of Cash Flows Internal Service Fund	78
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

	Page
H. Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Position	79
H-2 Combining Statement of Changes in Fiduciary Net Position	80
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	81
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	82
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	83
I-2 Schedule of Obligations Under Capital Leases	84
I-3 Debt Service Fund Budgetary Comparison Schedule	85
J. Introduction to the Statistical Section	
Financial Trends	
J-1 Net Position by Component	88
J-2 Changes in Net Position	89-90
J-3 Fund Balances – Governmental Funds	91
J-4 Changes in Fund Balances, Governmental Funds	92
J-5 General Fund Other Local Revenue by Source	93
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	94
J-7 Direct and Overlapping Property Tax Rates	95
J-8 Principal Property Taxpayers	96
J-9 Property Tax Levies and Collections	97
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	98
J-11 Ratios of General Bonded Debt Outstanding	99
J-12 Direct and Overlapping Governmental Activities Debt	100
J-13 Legal Debt Margin Information	101
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	102
J-15 Principal Employers	103
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	104
J-17 Operating Statistics	105
J-18 School Building Information	106
J-19 Schedule of Allowable Maintenance Expenditures by School Facility	107
J-20 Insurance Schedule	108-109

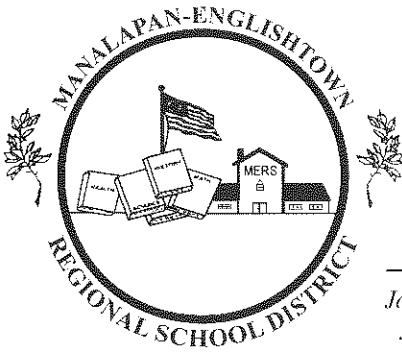
OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL

Page

K. Single Audit Section

K-1	Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	111-112
K-2	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08	113-114
K-3	Schedule of Expenditures of Federal Awards, Schedule A	115
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	116
K-5	Notes to the Schedules of Awards and Financial Assistance	117-119
K-6	Summary of Findings and Questioned Costs	120-122
K-7	Summary Schedule of Prior Audit Findings	123

INTRODUCTORY SECTION



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

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

Veronica Wolf
Board Secretary

BUSINESS OFFICE

Veronica Wolf
*Business Administrator/
Board Secretary*

Sharon Silvia
*Assistant Business Administrator/
Assistant Board Secretary*

54 Main Street
Englishtown, NJ 07726-1529
(732) 786-2500 Fax #: (732) 786-2541

November 3, 2016

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

Dear Board Members:

With pleasure, we submit the Comprehensive Annual Financial Report (CAFR) of the Manalapan-Englishtown Regional School District for the fiscal year ended June 30, 2016. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with Management of the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a Table of Contents, Letter of Transmittal, Roster of Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1996, OMB Circular Uniform Guidance and NJ OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

SCHOOL DISTRICT ORGANIZATION

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

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

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

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

Ad-hoc advisory committees composed of representatives from the community; administration, PTA's, and the Township and Borough are sometimes formed to provide the Board of Education with information and input on specific issues. In the 2015-16 school year the Board of Education did not have a specific Ad-Hoc committee, although the district did seek input from community members and the PTA's regarding curriculum program offerings, a possible referendum and changes in transportation.

PTA's are highly active in the District and provide community support for a variety of programs and activities for the children.

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

The New Jersey Department of Education released its yearly Taxpayers' Guide to Education Spending for all school districts in the State. The guide compares districts with those who are similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This reports shows that the district spends \$17,686 per pupil while the average costs for similar districts are \$19,355. Of the 82 K-8 school districts in the state with enrollments exceeding 751 children, Manalapan-Englishtown Regional ranked 30th lowest in total cost per pupil.

EDUCATIONAL PROGRAM

Each of the schools in the district follows the district-wide goals and educational approaches to the teaching of children, while maintaining a unique personality that makes up that particular school. The transition from the New Jersey Core Curriculum Content Standards to the Common Core State Standards in Language Arts and Mathematics began in 2011-2012 and was completed by September of 2012. The following table presents the actual historical pupil enrollment, as of October 15, for the school years 2006-07 through 2015-16.

	Enrollment
<i>School Year</i>	<i>As of October 15</i>
2006-07	5,446
2007-08	5,471
2008-09	5,454
2009-10	5,364
2010-11	5,188
2011-12	5,161
2012-13	5,136
2013-14	5,027
2014-15	5,108
2015-16	4,992

ECONOMIC CONDITION AND OUTLOOK

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

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

Because Monmouth County continues to be among the fastest growing in New Jersey, change is constant in the Manalapan-Englishtown Regional School District. Sales of both new and existing homes are occurring at a slow pace. Existing homes continue to stay on the market for a much longer period of time than a few years ago.

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

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

The District, along with all of the other public school systems in the state, will continue to face difficult economic situations in the future since the primary funding source is and will continue to be property tax revenue. The proposed budget for the fiscal year 2016-17 was approved on March 29, 2016. Overall tax revenue for 2016-2017 was increased by 2.97%, but the increased expenditures from the growing cost of contractual salary increases, employee health care, increases in the contributions to the retirement system, and rising insurance premiums have outpaced the additional revenue. We recognize that the state is in a financial crisis and want to assure our residents that the Manalapan-Englishtown Regional School District is doing its part to maintain a responsible budget. The District's administration closely monitors the cost of operations and continues to look for new funding sources in order to maintain the quality education services that the district has been accustomed to providing. Manalapan-Englishtown Regional School's Foundation and the Manalapan-Englishtown Regional School District's PTA's donated generously during the 2015-2016 school year.

MAJOR INITIATIVES

The District has completed several phases of its One to One Digital Conversion Initiative. In September of 2015, the initiative was fully implemented. Every student in grades six through eight have a Chromebook for use both in and outside of school and each fifth grade class has been supplied with a Chromebook cart.

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

- Fire Proofing upgrade at the Manalapan-Englishtown Middle School
- Dry Suppression System Installation and HVAC Upgrades at the Manalapan-Englishtown Middle School and Wemrock Brook Elementary School
- Electrical Service upgrade at the Milford Brook School was completed
- HVAC upgrades at Milford Brook, Clark Mills, Taylor Mills and Manalapan-Englishtown Middle School

INTERNAL CONTROLS

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

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in Notes to the Basic Financial Statements, Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation. A schedule of insurance coverage is found in Exhibit J-20.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Jump, Perry & Company, L.L.P. was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of the Single Audit Act of 1996, OMB Circular Uniform Guidance and NJ OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

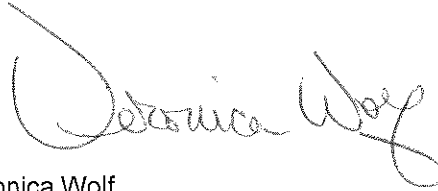
ACKNOWLEDGMENTS

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

Respectfully submitted,

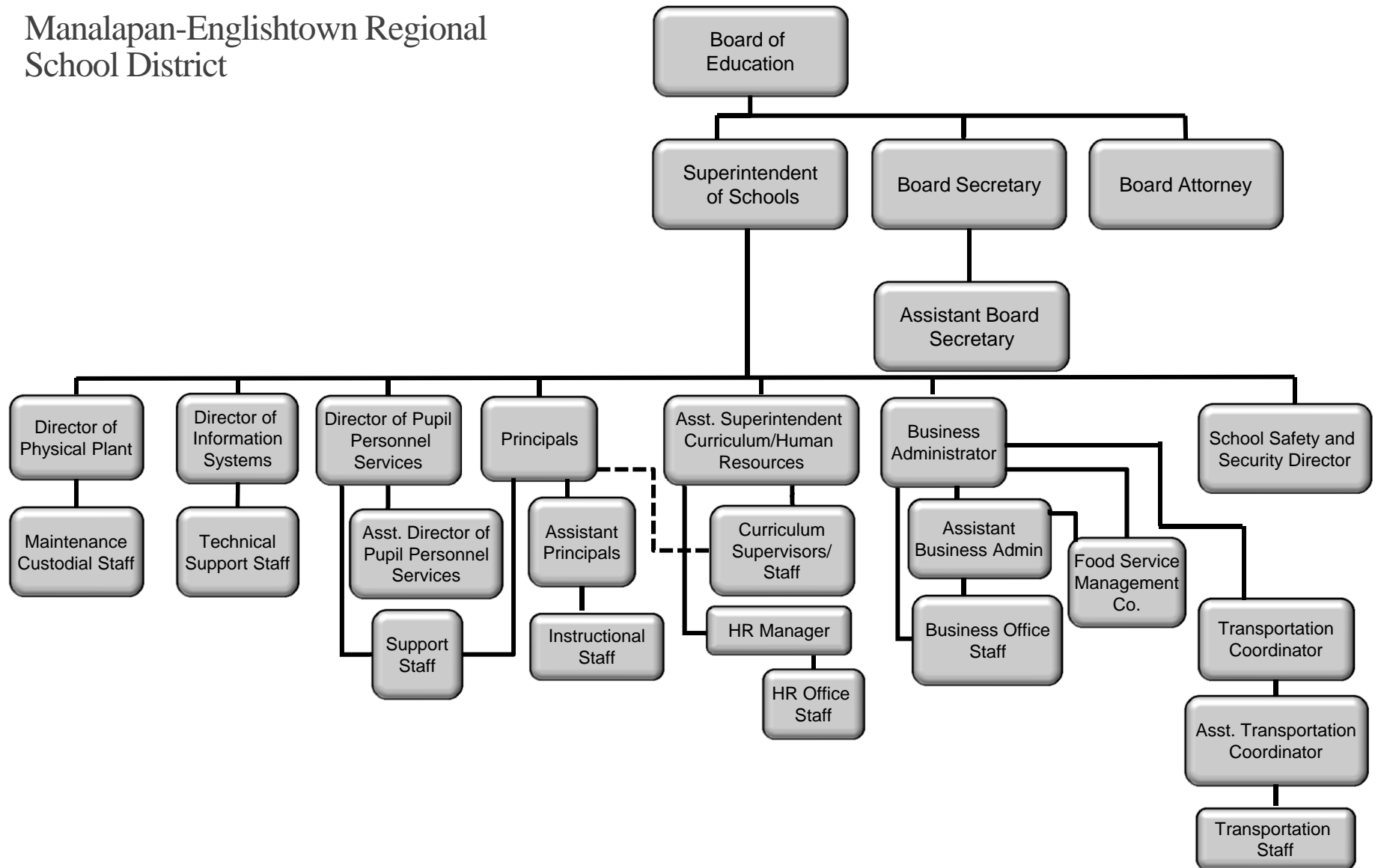


John J. Marciante, Jr., PH. D
Superintendent



Veronica Wolf
Board Secretary/School Business Administrator

Manalapan-Englishtown Regional School District



MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

ENGLISHTOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dotty Porcaro, President	2017
Joanne Schechter, Vice President	2018
Brian Graime	2016
Annamarie Galante	2018
Gerald Bruno	2016
Lori Semel	2018
Michele Stipelman	2017
Joe Tringali	2017
Christine Parisi	2016

Other Officials

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

Veronica Wolf, Business Administrator/Board Secretary

Sharon Silvia, Assistant Business Administrator/Assistant Board Secretary

Cleary, Giacobbe, Alfieri, Jacobs, LLC., Solicitor

MANALAPAN-ENGLISHTOWN BOARD OF EDUCATION

Consultants and Advisors

June 30, 2016

Architect

Lan Associates, Inc.
445 Godwin Avenue
Midland Park, NJ 07432

Audit Firm

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

Attorney

Cleary, Giacobbe, Alfieri, Jacobs, LLC.
5 Ravine Drive
Matawan, NJ 07747

Official Depository

PNC Bank
109 Route 9
Marlboro, New Jersey 07726

Financial Advisor

Phoenix Advisors, LLC.
4 W Park Street
Bordentown, New Jersey 08505

Bond Council

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13 and 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manalapan-Englishtown Regional School District's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is presented for purposes of additional analysis and are also not a required part of the basic financial statements.

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


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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016 on our consideration of the Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey's internal control over financial reporting and compliance.

Respectfully submitted,

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



Kathryn Perry
Licensed Public School Accountant
No. CS 20CS00226400

Toms River, New Jersey
November 3, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

The Discussion and Analysis (MD&A) of Manalapan-Englishtown Regional School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ In total, Net Position of governmental activities increased \$1,292,148, which represents a 4.36% increase from 2015. Net Position of business-type activities increased \$108,236, which represents a 17% increase from 2015.
- ❖ General revenues accounted for \$80,392,730 in revenue or 90.69% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$8,256,806 or 9.31% of total revenues of \$88,649,536.
- ❖ Total assets of governmental activities decreased by \$112,771 as cash and cash equivalents increased by \$1,546,171, receivables increased by \$657,240, net capital assets decreased by \$2,316,182, and other assets increased by \$3,926,057.
- ❖ The District had \$87,357,388 in governmental activity expenses; only \$8,234,480 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$80,392,730 were adequate to provide for these programs.
- ❖ In the governmental funds, the general fund had \$85,420,831 in revenues and \$83,285,517 in expenditures. The general fund's fund balance increased \$2,135,314 over 2015.

Using this Comprehensive Annual Financial Report (CAFR)

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

The focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing services that can be provided by the government along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Manalapan-Englishtown Regional School District, the general fund is by far the most significant fund.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

This document contains a large number of funds used by the District to provide programs and activities. The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The statement of net position and the statement of activities help answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

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

- ◆ Governmental Activities – All of the District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis in order to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)

Proprietary Fund

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 35 to 57 of this report.

The School District as a Whole

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

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

Table 1 provides a summary of the school district's Net Position for 2016 and 2015.

**Table 1
Net Position**

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Assets				
Current and Other Assets	\$ 13,550,639	\$ 11,347,228	\$ 622,396	\$ 593,646
Capital Assets, Net	95,597,152	97,913,334	229,272	224,458
Total Assets	<u>\$ 109,147,791</u>	<u>\$ 109,260,562</u>	<u>\$ 851,668</u>	<u>\$ 818,104</u>
Deferred Outflows				
Deferred outflows - PERS	\$ 4,883,912	\$ 934,653		
Bond Issuance Costs, net	197,156	220,358	\$ -	\$ -
Total Deferred Outflows	<u>\$ 5,081,068</u>	<u>\$ 1,155,011</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Long-term Liabilities	\$ 75,954,965	\$ 72,534,559	\$ -	\$ -
Other Liabilities	6,153,382	5,725,710	89,592	164,264
Total Liabilities	<u>\$ 82,108,347</u>	<u>\$ 78,260,269</u>	<u>\$ 89,592</u>	<u>\$ 164,264</u>
Deferred Outflows				
Deferred outflows - PERS	\$ 1,165,414	\$ 2,492,354	\$ -	\$ -
Total Deferred Outflows	<u>\$ 1,165,414</u>	<u>\$ 2,492,354</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position				
Net Investment in Capital				
Assets	\$ 54,992,019	\$ 54,812,614	\$ 229,272	\$ 224,458
Restricted	11,886,877	10,132,234	-	-
Unrestricted	(35,923,798)	(35,281,898)	532,804	429,382
Total Net Position	<u>\$ 30,955,098</u>	<u>\$ 29,662,950</u>	<u>\$ 762,076</u>	<u>\$ 653,840</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)

The district's combined Net Position was \$31,717,174 on June 30, 2016. This was an increase of \$1,400,384, 4.62% from the prior year after the prior period adjustment was recorded.

Table 2 shows the changes in Net Position from fiscal year 2016 and fiscal year 2015.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Revenues				
Program Revenues:				
Charges for Services	\$ 22,326	\$ 25,194	\$ 1,613,078	\$ 1,576,958
Operating Grant & Contributions	8,234,480	7,699,434	467,434	438,677
General Revenues:				
Property Taxes	60,061,447	58,393,874	-	-
Grants and Entitlements	19,767,029	19,876,153	-	-
Other	564,254	379,212	52	42
Total Revenues	<u>88,649,536</u>	<u>86,373,867</u>	<u>2,080,564</u>	<u>2,015,677</u>
Program Expenses				
Instruction	55,474,502	54,064,437	-	-
Support Services:				
Pupils and Instructional Staff	8,985,280	8,455,990	-	-
General Administration	1,260,953	1,130,398	-	-
School Administration and Central Svcs	5,000,287	4,742,655	-	-
Operations and Maint. Of Facilities	8,142,265	8,662,640	-	-
Pupil Transportation	6,971,802	7,207,730	-	-
Charter School	91,255	100,090	-	-
Interest on debt	1,431,044	1,498,596	-	-
Food Service	-	-	1,972,328	1,945,349
Total Expenses	<u>87,357,388</u>	<u>85,862,536</u>	<u>1,972,328</u>	<u>1,945,349</u>
Increase(Decrease) in Net Position	<u>\$ 1,292,148</u>	<u>\$ 511,331</u>	<u>\$ 108,236</u>	<u>\$ 70,328</u>

Governmental Activities

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

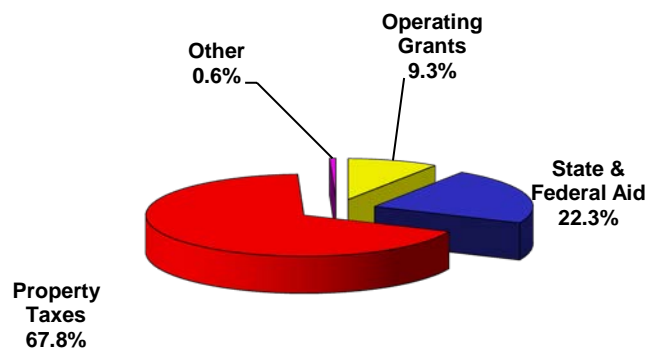
On Tuesday, January 17, 2012, the Manalapan-Englishtown Regional Board of Education passed a resolution moving the annual school board election to the General Election in November and effectively eliminated the requirement for voter approval of the district school budget as long as it does not exceed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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

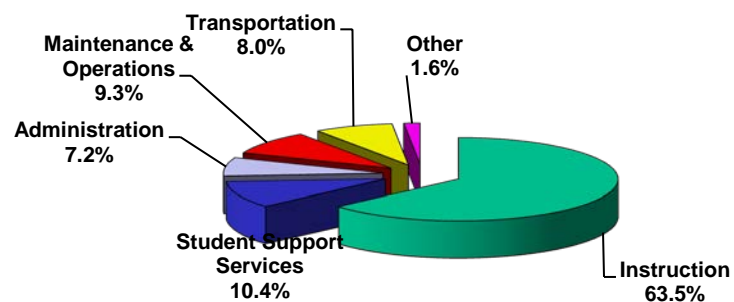
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)

Property taxes made up 67.75% of revenues for governmental activities for the Manalapan-Englishtown Regional School District for fiscal year 2016 and 67.6% of revenues for fiscal year 2015. Property tax revenues increased by \$1,667,573, which is a 2.86% increase from the prior year. The District's total revenues for governmental activities were \$88,649,536 for the year ended June 30, 2016. Federal, state and local grants accounted for another 22.3% of revenue.

Sources of Revenues for Fiscal Year 2016



Expenses for Fiscal Year 2016



The total cost of all programs and services was \$87,357,388. Instruction comprised 63.5% of district expenses.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)

Business-Type Activities

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

- Food service income exceeded expenses by \$108,236.
- Charges for services, which are the amounts paid by patrons for daily food services, represent \$1,613,078 of total revenue.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$467,434.

Governmental Activities

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

Table 3
Cost of Services

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Instruction	\$ 55,474,502	\$ 49,993,826	\$ 54,064,437	\$ 48,917,529
Support Services:				
Pupils and Instructional Staff	9,076,535	8,572,775	8,556,080	8,049,950
General Administration, School				
Administration, and Central Svcs	6,261,240	5,680,780	5,873,053	5,391,353
Operations and Maint. Of Facilities	8,142,265	7,387,425	8,662,640	7,952,140
Pupil Transportation	6,971,802	6,167,402	7,207,730	6,451,250
Interest on debt	1,431,044	1,298,374	1,498,596	1,375,686
Total Expenses	<u>\$ 87,357,388</u>	<u>\$ 79,100,582</u>	<u>\$ 85,862,536</u>	<u>\$ 78,137,908</u>

- ❖ Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.
- ❖ Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.
- ❖ General administration, school administration and business include expenses associated with administrative and financial supervision of the District.
- ❖ Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in effective working condition.
- ❖ Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.
- ❖ Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to District debt.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$88,616,223 and expenditures were \$86,474,699. The net positive changes in fund balances for the year were in the general fund, which showed an increase of \$2,141,550, and the debt service fund showed a decrease of \$26. The most significant change was in the general fund, which is due to the increase in tax levy funds received and other miscellaneous revenues received as well as a dramatic decrease in capital outlay. The District completed many projects during the 2014-2015 school year. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Table 4
Revenues for the Fiscal Year Ended June 30,

	2016	2015	Percent
	Amount	Amount	Change
Property taxes	\$ 60,061,447	\$ 58,393,874	2.86%
Tuition	22,326	25,194	-11.38%
Interest earnings	3,003	1,931	55.52%
Miscellaneous	527,938	367,381	43.70%
State sources	26,337,845	26,102,953	0.90%
Federal sources	1,663,664	1,472,634	12.97%
Total	\$ 88,616,223	\$ 86,363,967	2.61%

Revenues were up \$948,803 or 1.11% over the prior year. Although tuition revenue decreased slightly, property taxes, interest and miscellaneous revenue increased. The District saw an increase in federal source revenue as well due to the District spending more of these funds.

Table 5
Expenditures for the Fiscal Year Ended June 30,

	2016	2015	Percent
	Amount	Amount	Change
Salaries and wages	\$ 47,347,512	\$ 47,260,581	0.18%
Benefits	23,221,611	21,684,001	7.09%
Purchased services	7,264,787	7,172,530	1.29%
Supplies and other	3,823,735	4,447,024	-14.02%
Capital outlay	890,423	2,607,956	-65.86%
Debt service	3,926,631	3,941,734	-0.38%
Total	\$ 86,474,699	\$ 87,113,826	-0.73%

Expenditures decreased by \$639,127 or .73% less than the prior year. The overall decrease is due to major projects being completed in the 2014-2015 school year.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)

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

Fund Balance		
<u>School Year</u>	<u>GAAP</u>	<u>Budgetary Basis</u>
08-09	(424,907)	372,805
09-10	(563,211)	1,571,181
10-11	(91,073)	1,672,188
11-12	(35,804)	1,881,637
12-13	(260,329)	1,690,110
13-14	(201,884)	1,745,198
14-15	(218,997)	1,735,446
15-16	167,884	2,116,091

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

General Fund Budgeting Highlights

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

During the course of the fiscal year 2016, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. The following explains the reasons for significant budget transfers:

- ✓ The district received \$588,733 in extraordinary aid for special education costs that were not budgeted. The district is eligible to receive additional funding for each special education student whose program costs exceed \$40,000. However, the state does not have adequate funding for these students and prorates the amount given to districts based on the applications received for this aid and the total amount allocated.
- ✓ TPAF, which is the state's contribution to the pension fund, is an "on-behalf" revenue and expenditure item to the District and is required to be reflected in the financial statements.
- ✓ Legal services for employee litigation and special education cases.
- ✓ Changes in Charter School enrollment. The District pays the Charter Schools for students who reside in our district but are enrolled in their schools.
- ✓ Increases in transportation contracted repair services.
- ✓ Additional students sent out of district.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)

Capital Assets

At the end of the fiscal year 2016, the school district had \$95,597,152 invested in land, buildings and improvements and machinery and equipment. Table 7 shows fiscal 2016 balances compared to 2015.

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

<u>School Year</u>	<u>2016</u>	<u>2015</u>
Land	\$ 9,747,190	\$ 9,747,190
Construction in progress	999,025	1,483,348
Building and improvements	82,124,038	84,070,145
Machinery and equipment	2,726,899	2,612,651
Totals	<u>\$ 95,597,152</u>	<u>\$ 97,913,334</u>

Overall, the capital assets decreased \$2,316,182 from fiscal year 2015 to fiscal year 2016. This decrease in Net Position is due to depreciation as well as a re-evaluation of fixed assets performed during the 2015-2016 fiscal year. For more detailed information, please refer to Note 6 in the Notes to the Basic Financial Statements.

Debt Administration

As of June 30, 2016 the District had \$80,267,635 of outstanding debt. Of this amount, \$2,445,954 is for compensated absences, \$727,455 for bus and equipment leases, \$39,730,000 for bonds for school construction, and the balance of \$37,364,226 is for PERS pension liability.

At June 30, 2016, the District's overall legal debt limit was \$194,077,515 and the unvoted debt margin was \$154,347,515. For more detailed information, please refer to Note 7 in the Notes to the Basic Financial Statements. Following is a listing of all bond issues for which the District is currently paying debt service.

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Remaining</u>
General Obligation Bonds - 2004	10/15/04	18,995,000	9,270,000
General Obligation Bonds - 2006	10/01/06	9,695,000	9,500,000
General Obligation Bonds - 2007	01/05/07	9,795,000	9,555,000
General Obligation Bonds - 2012	01/31/12	12,840,000	11,405,000
			<u>\$ 39,730,000</u>

For the Future

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)

- Key areas of concern are the consistent status of flat funded state aid which results in the continued reliance on local property taxes to fund ever larger percentages of the district budget. Manalapan-Englishtown Regional is primarily a residential community with very few commercial ratables; thus the burden is focused on homeowners to bear the tax burden.
- With the continued concern over property taxes it is important to highlight the areas of either shared services or buying cooperatives in an effort to reduce expenses. These areas include utilizing Educational Data Services, the Educational Services Commission of New Jersey, Monmouth-Ocean Educational Services Commission, and many other Co-Op's for the purchase of classroom supplies, art supplies, maintenance supplies, copy paper, and other services. The District is continually exploring opportunities for future purchases jointly with other districts within the Freehold Regional area.
- In conclusion, the Manalapan-Englishtown Regional School District has committed itself to financial excellence for many years. In addition, the District's system for financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management practices to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it receives. If you have questions about this report or need additional information, contact Veronica Wolf, School Business Administrator/Board Secretary, Manalapan-Englishtown Regional Board of Education, 54 Main Street, Englishtown, NJ 07746 or e-mail vwolf@mersnj.us.

BASIC FINANCIAL STATEMENTS

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,266,352	\$ 555,490	\$ 12,821,842
Receivables, net	6,937	3,214	10,151
Receivables - state	785,130	1,868	786,998
Receivables - other governments	492,182	30,577	522,759
Interfund receivable	38	-	38
Inventory	-	22,692	22,692
Prepaid expenses	-	8,555	8,555
Capital assets, non-depreciable	10,746,215	-	10,746,215
Capital assets, depreciable, net	84,850,937	229,272	85,080,209
Total assets	<u>109,147,791</u>	<u>851,668</u>	<u>109,999,459</u>
DEFERRED OUTFLOWS			
Deferred outflows - PERS	4,883,912	-	4,883,912
Deferred bond issuance costs, net	197,156	-	197,156
Total deferred outflows	<u>5,081,068</u>	<u>-</u>	<u>5,081,068</u>
LIABILITIES			
Accounts payable	1,002,006	67,440	1,069,446
Accrued bond interest	344,834	-	344,834
Other current liabilities	338,540	-	338,540
Unearned revenue	155,332	22,152	177,484
Noncurrent liabilities:			
Due within one year	4,292,001	-	4,292,001
Due beyond one year	75,975,634	-	75,975,634
Total liabilities	<u>82,108,347</u>	<u>89,592</u>	<u>82,197,939</u>
DEFERRED INFLOWS			
Deferred inflows - PERS	1,165,414	-	1,165,414
Total deferred inflows	<u>1,165,414</u>	<u>-</u>	<u>1,165,414</u>
NET POSITION			
Net investment in capital assets	54,992,019	229,272	55,221,291
Restricted for:			
Debt service	53,044	-	53,044
Capital projects	-	-	-
Other purposes	11,833,833	-	11,833,833
Unrestricted	(35,923,798)	532,804	(35,390,994)
Total net position	<u>\$ 30,955,098</u>	<u>\$ 762,076</u>	<u>\$ 31,717,174</u>

See accompanying notes to financial statements.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 39,067,252	\$ 22,326	\$ 3,925,700	\$ -	\$ (35,119,226)	\$ -	\$ (35,119,226)
Special schools instruction	12,906,420	-	1,196,510	-	(11,709,910)	-	(11,709,910)
Other special instruction	3,489,231	-	323,470	-	(3,165,761)	-	(3,165,761)
Nonpublic school programs	11,599	-	12,670	-	1,071	-	1,071
Support services and undistributed costs:							
Tuition	1,155,728	-	-	-	(1,155,728)	-	(1,155,728)
Student & instruction related services	7,829,552	-	495,300	-	(7,334,252)	-	(7,334,252)
General administration	1,260,953	-	116,900	-	(1,144,053)	-	(1,144,053)
School administrative services	3,295,333	-	305,500	-	(2,989,833)	-	(2,989,833)
Central services	1,219,480	-	113,050	-	(1,106,430)	-	(1,106,430)
Administrative information technology	485,474	-	45,010	-	(440,464)	-	(440,464)
Plant operations & maintenance	8,142,265	-	754,840	-	(7,387,425)	-	(7,387,425)
Pupil transportation	6,971,802	-	804,400	-	(6,167,402)	-	(6,167,402)
Charter Schools	91,255	-	8,460	-	(82,795)	-	(82,795)
Interest on long-term debt	1,431,044	-	132,670	-	(1,298,374)	-	(1,298,374)
Unallocated depreciation	-	-	-	-	-	-	-
Total governmental activities	<u>87,357,388</u>	<u>22,326</u>	<u>8,234,480</u>	<u>-</u>	<u>(79,100,582)</u>	<u>-</u>	<u>(79,100,582)</u>
Business-type activities:							
Food service	1,972,328	1,613,078	467,434	-	-	108,184	108,184
Total business-type activities	<u>1,972,328</u>	<u>1,613,078</u>	<u>467,434</u>	<u>-</u>	<u>-</u>	<u>108,184</u>	<u>108,184</u>
Total primary government	<u>\$ 89,329,716</u>	<u>\$ 1,635,404</u>	<u>\$ 8,701,914</u>	<u>\$ -</u>	<u>\$ (79,100,582)</u>	<u>\$ 108,184</u>	<u>\$ (78,992,398)</u>
General revenues:							
Taxes:							
Property taxes levied for general purpose					56,603,915	-	56,603,915
Taxes levied for debt service					3,457,532	-	3,457,532
Federal and state aid - not restricted					19,280,798	-	19,280,798
Federal and State aid - restricted					486,231	-	486,231
Miscellaneous income					561,251	-	561,251
Investment earnings					3,003	52	3,055
Total general revenues, special items, extraordinary items and transfers					<u>80,392,730</u>	<u>52</u>	<u>80,392,782</u>
Change in net position					1,292,148	108,236	1,400,384
Net position—beginning					29,662,950	653,840	30,316,790
Net position—ending					<u>\$ 30,955,098</u>	<u>\$ 762,076</u>	<u>\$ 31,717,174</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
ASSETS				
Cash and cash equivalents	\$ 6,880,855	\$ -	\$ 53,044	\$ 6,933,899
Receivables, net	500	6,437	-	6,937
Due from other funds	266,745	-	-	266,745
Receivables from other governments	785,130	492,182	-	1,277,312
Restricted cash and cash equivalents	5,332,453	-	-	5,332,453
Total assets	<u>\$ 13,265,683</u>	<u>\$ 498,619</u>	<u>\$ 53,044</u>	<u>\$ 13,817,346</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	963,525	38,481	-	1,002,006
Interfund payable	-	266,707	-	266,707
Payable to state government	-	75,878	-	75,878
Deferred revenue	41,965	113,367	-	155,332
Other current liabilities	258,476	4,186	-	262,662
Total liabilities	<u>1,263,966</u>	<u>498,619</u>	<u>-</u>	<u>1,762,585</u>
Fund Balances:				
Restricted for:				
Excess surplus	2,500,000	-	-	2,500,000
Excess surplus -- designated for				
Subsequent year's expenditures	2,000,000	-	-	2,000,000
Maintenance reserve account	3,070,000	-	-	3,070,000
Capital reserve account	2,262,453	-	-	2,262,453
Debt service fund	-	-	53,044	53,044
Capital Projects	-	-	-	-
Committed to:				
Other purposes	1,001,380	-	-	1,001,380
Assigned to:				
Designated by the BOE for				
subsequent year's expenditures	1,000,000	-	-	1,000,000
Unassigned, reported in:				
General fund	167,884	-	-	167,884
Total Fund balances	<u>12,001,717</u>	<u>-</u>	<u>53,044</u>	<u>12,054,761</u>
Total liabilities and fund balances	<u>\$ 13,265,683</u>	<u>\$ 498,619</u>	<u>\$ 53,044</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 are 144,309,483 and the accumulated depreciation is \$48,712,331.	95,597,152
Deferred outflows related to the PERS pension plan	4,883,912
Deferred inflows related to the PERS pension plan	(1,165,414)
The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. The bond issuance costs are \$363,325 and the accumulated amortization is \$166,169.	197,156
Accrued bond interest	(344,834)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(80,267,635)
Net position of governmental activities	<u>\$ 30,955,098</u>

See accompanying notes to financial statements.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local sources:				
Local tax levy	\$ 56,603,915	\$ -	\$ 3,457,532	\$ 60,061,447
Tuition charges	22,326	-	-	22,326
Interest on investments	1,443	-	-	1,443
Interest earned on capital reserve funds	1,560	-	-	1,560
Miscellaneous	385,160	142,778	-	527,938
Total - Local Sources	57,014,404	142,778	3,457,532	60,614,714
State sources	25,857,173	11,599	469,073	26,337,845
Federal sources	17,158	1,646,506	-	1,663,664
Total revenues	82,888,735	1,800,883	3,926,605	88,616,223
EXPENDITURES				
Current:				
Regular instruction	24,790,790	1,454,300	-	26,245,090
Special education instruction	9,489,536	-	-	9,489,536
Other special instruction	2,597,128	-	-	2,597,128
Nonpublic school programs	-	11,599	-	11,599
Support services and undistributed costs:				
Tuition	1,155,728	-	-	1,155,728
Student & instruction related services	7,626,216	-	-	7,626,216
General administration	930,264	329,189	-	1,259,453
School administrative services	3,276,121	-	-	3,276,121
Central services	1,219,480	-	-	1,219,480
Administrative information technology	485,474	-	-	485,474
Plant operations & maintenance	7,560,116	-	-	7,560,116
Pupil transportation	6,762,715	-	-	6,762,715
Employee benefits	13,877,734	-	-	13,877,734
Transfer to Charter Schools	91,255	-	-	91,255
Debt service:				
Principal	-	-	2,125,000	2,125,000
Interest and other charges	-	-	1,801,631	1,801,631
Capital outlay	884,628	5,795	-	890,423
Total expenditures	80,747,185	1,800,883	3,926,631	86,474,699
Excess (Deficiency) of revenues over expenditures	2,141,550	-	(26)	2,141,524
Net change in fund balances	2,141,550	-	(26)	2,141,524
Fund balance—July 1	9,860,167	-	53,070	9,913,237
Fund balance—June 30	\$ 12,001,717	\$ -	\$ 53,044	\$ 12,054,761

See accompanying notes to financial statements.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Total net change in fund balances - governmental funds (from B-2)	\$	2,141,524
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	2,806,134	
Capital outlays	<u>(465,187)</u>	(2,340,947)
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.		
Accumulated depreciation on capital assets sold or retired during the fiscal year ended June 30, 2016	(383,074)	
Cost basis of capital assets sold or retired during the fiscal year ended June 30, 2016	<u>391,622</u>	(8,548)
In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey.		
		(990,647)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
		2,125,000
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an addition to the reconciliation.		
		9,988
In the Statement of Activities, the amortization of bond issuance costs is recorded as interest expense. In the governmental funds, the amortization is not recorded.		
		(23,202)
In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability. In the governmental funds, the payments is an expenditure. (Amount is net of payments included in capital outlay)		
		383,801
In the Statement of Activities, the fair market value of donated capital assets should be recognized as revenue in the period when all eligibility requirements are met (typically in the period when ownership is transferred). In the Governmental Funds, however, the fair market value of these donated assets are not reported as an increase in financial resources.		
		33,313
In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>(38,134)</u>
Change in net position of governmental activities	\$	<u>1,292,148</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type-activities- Enterprise Funds Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 555,490
Accounts receivable	32,445
Other receivables	3,214
Prepaid expense	8,555
Inventories	22,692
Total current assets	622,396
Noncurrent assets:	
Building improvements	192,533
Furniture, machinery & equipment	1,075,558
Less accumulated depreciation	(1,038,819)
Total noncurrent assets	229,272
Total assets	\$ 851,668
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 67,440
Unearned revenue	22,152
Total current liabilities	89,592
NET POSITION	
Invested in capital assets net of related debt	229,272
Unrestricted	532,804
Total net position	762,076
Total liabilities and net position	\$ 851,668

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 982,823
Daily sales - non-reimbursable programs	622,068
Special functions	8,187
Total operating revenues	1,613,078
Operating expenses:	
Cost of sales - reimbursable programs	688,187
Cost of sales - non-reimbursable programs	177,939
Salaries	573,848
Employee benefits	212,438
Other purchased professional services	130,551
Cleaning, repair and maintenance services	84,541
General supplies	71,340
Depreciation	33,484
Total Operating Expenses	1,972,328
Operating income (loss)	(359,250)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	19,298
Federal sources:	
National school lunch program	319,229
Special milk program	252
Food distribution program	108,368
Miscellaneous revenue	20,287
Interest and investment revenue	52
Total nonoperating revenues (expenses)	467,486
Change in net position	108,236
Total net position—beginning	653,840
Total net position—ending	\$ 762,076

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Food Services Enterprise Fund
Statement of Cash Flows
for the Fiscal Year ended June 30, 2016

	Food Service
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 1,600,957
Payments to employees	(573,848)
Payments for employee benefits	(212,438)
Payments to suppliers	(1,106,444)
Net cash used for operating activities	(291,773)
Cash Flows from Noncapital Financing Activities	
State sources	19,298
Federal sources	319,481
Net cash provided by noncapital financing activities	338,779
Cash Flows from Capital and Related Financing Activities	
Purchases of fixed assets	(18,011)
Net cash used for capital and related financing activities	(18,011)
Cash Flows from Investing Activities	
Interest on investments	52
Net cash provided by investing activities	52
Net increase in cash and cash equivalents	29,047
Balances-beginning of the year	526,443
Balances-end of the year	\$ 555,490
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating loss	\$ (359,250)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation	33,484
Federal commodities	108,368
Change in assets and liabilities:	
Decrease (increase) in interfund receivable	(8,991)
Increase in prepaid expense	4,079
Decrease (increase) in accounts receivable	(3,130)
Decrease (increase) in inventory	(652)
Increase (decrease) in accounts payable	(65,681)
Total adjustments	67,477
Net cash used by operating activities	\$ (291,773)

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

	Trust				Agency			
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trust Fund	Student Activity	Payroll	Flex Spending	Total Agency
ASSETS								
Cash and cash equivalents	\$ 603,068	\$ 3,932	\$ 40,000	\$ 647,000	\$ 57,158	\$ 543,402	\$ 70,129	\$ 670,689
Other accounts receivable	-	-	-	-	-	-	-	-
Interfund receivable	79,376	-	-	79,376	-	-	-	-
Total assets	<u>682,444</u>	<u>3,932</u>	<u>40,000</u>	<u>726,376</u>	<u>\$ 57,158</u>	<u>\$ 543,402</u>	<u>\$ 70,129</u>	<u>\$ 670,689</u>
LIABILITIES								
Accounts payable	9,886	-	-	9,886	3,808	425,711	-	429,519
Payroll deductions and withholdings	-	-	-	-	-	38,280	70,126	108,406
Payable to student groups	-	-	-	-	53,350	-	-	53,350
Intrafund payable	-	-	-	-	-	79,376	-	79,376
Other current liabilities	-	-	-	-	-	35	3	38
Total liabilities	<u>\$ 9,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,886</u>	<u>\$ 57,158</u>	<u>\$ 543,402</u>	<u>\$ 70,129</u>	<u>\$ 670,689</u>
NET POSITION								
Held in trust for unemployment claims and other purposes	672,558	-	40,000	712,558				
Reserved for scholarships	-	3,932	-	3,932				
Total net position	<u>672,558</u>	<u>3,932</u>	<u>40,000</u>	<u>716,490</u>				
Total liabilities and net position	<u>\$ 682,444</u>	<u>\$ 3,932</u>	<u>\$ 40,000</u>	<u>\$ 726,376</u>				

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trusts
ADDITIONS				
Contributions:				
Plan member	\$ 79,376	\$ -	\$ -	\$ 79,376
Other	-	1,650	40,000	41,650
Total Contributions	<u>79,376</u>	<u>1,650</u>	<u>40,000</u>	<u>121,026</u>
Investment earnings:				
Net increase (decrease) in fair value of investments	-	-	-	-
Interest	65	-	4	69
Dividends	-	-	-	-
Less investment expense	-	-	-	-
Net investment earnings	<u>65</u>	<u>-</u>	<u>4</u>	<u>69</u>
Total additions	<u>79,441</u>	<u>1,650</u>	<u>40,004</u>	<u>121,095</u>
DEDUCTIONS				
Quarterly contribution reports	-	-	-	-
Unemployment claims	115,114	-	-	115,114
Scholarships awarded	-	1,601	-	1,601
Refunds of contributions	-	-	40,013	40,013
Administrative expenses	1,491	-	-	1,491
Total deductions	<u>116,605</u>	<u>1,601</u>	<u>40,013</u>	<u>158,219</u>
Change in net position	(37,164)	49	(9)	(37,124)
Net position—beginning of the year	<u>709,722</u>	<u>3,883</u>	<u>40,009</u>	<u>753,614</u>
Net position—end of the year	<u>\$ 672,558</u>	<u>\$ 3,932</u>	<u>\$ 40,000</u>	<u>716,490</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2016

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The District serves an area of 32 square miles. It is located in Monmouth County and provides education for all of Manalapan-Englishtown Regional's students in grades K through 8. The District currently operates eight instructional buildings, a transportation depot, buildings and grounds office, and an administrative building. The District services approximately 5,000 students and is one of the largest K through 8 Districts in Monmouth County.

A. Reporting Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**A. Basis of Presentation (continued)**

The School District's basic financial statements requiring the reporting of deferred outflows, deferred inflows, and net position. The Statement of Net Position includes the reporting of assets, deferred outflows, liabilities and deferred inflows. The deferred outflows are reported under assets and deferred inflows are reported under liabilities on the Statement of Net Position. Items previously classified as assets and liabilities but not meeting that definition have then been reviewed for categorization as deferred outflows or deferred inflows. Items not classified as an asset, deferred outflows, liability or deferred inflows have been charged to the Statement of Activities in the current year.

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

In June 2015, GASB issued Statement No. 74, Financial Reporting For Postemployment Benefits Other Than Pension Plans (Replaces GASB No. 43 and No. 57) and Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Replaces GASB No. 45 and No. 57). The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for postemployment benefits. It also improves information provided by state and local governmental employers about financial support for postemployment benefits that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of these Statements will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net postemployment benefit liability and a more comprehensive measure of benefits expense. The requirements of these Statements are effective for financial statements for periods beginning after June 15, 2016 (GASB No. 74) and June 15, 2017 (GASB No. 75). The effect of these new standards on the School District has not been measured.

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (continued)

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

The District reports the following governmental funds:

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

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

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

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (continued)

The District reports the following proprietary fund:

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

The District's Enterprise Fund is comprised of the Food Service Fund.

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

Equipment	5-20 Years
-----------	------------

Additionally, the District reports the following fund type:

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

B. Basis of Accounting

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Property Taxes

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

D. Budgets/Budgetary Control

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

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

The 2016-17 budget was approved by the county on March 29, 2016. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6a:23-1.2.

All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2016.

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Cash, Cash Equivalents and Investments

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

G. Interfund Activity

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

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

H. Allowances for Uncollectible Accounts

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

I. Inventories and Prepaid Expenses

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

Inventories in the enterprise funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

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

L. Unearned/Deferred Revenue

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Liabilities and Long-Term Obligations

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

N. Net Position

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

O. Fund Balance Reserves

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Revenues – Exchange and Non-exchange Transactions

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

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

Q. Operating Revenues and Expenses

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

R. Management Estimates

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

S. Allocation of Indirect Expense

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Deferred Outflows/Inflows of Resources

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

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

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits:

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

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which a government's deposits and investments are exposed to custodial credit risk. Pursuant to Governmental Accounting Standards, the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. As of June 30, 2016, all of the District's deposits, except as noted below, were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

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

As of June 30, 2016, the carrying amount of the District's deposits for all funds was \$14,139,531 and the bank balance was \$15,224,023. All bank deposits, as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA.

Investments:

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

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

As of June 30, 2016, the District's Cash and Cash Equivalents consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	13,497,446
Capital Reserve	641,885
Change Funds	200
	<hr/>
Totals	14,139,531
	<hr/> <hr/>

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The fiduciary funds had a balance of \$1,317,689 at June 30, 2016.

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

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

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

4. RESTRICTED CASH RESERVES

A. Capital Reserve Account

A capital reserve account was established by the District during fiscal year 2001-2002 in which it deposited \$100,000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's Long Range Facilities Plan, ("LRFP"). Upon submission of the LRFP to the department, a district may deposit funds by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A: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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$1,554,697
Interest earnings	1,560
FY 2015-2016 Budgeted withdrawal	1,442,500
Funds unused at June 30, 2016	1,171,102
Deposit - June 30, 2016	<u>977,594</u>
Ending balance, June 30, 2016	<u>\$2,262,453</u>

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

4. RESTRICTED CASH RESERVES (CONTINUED)

B. Maintenance Reserve

A maintenance reserve account was established by the District during fiscal year 2007-2008 in which it deposited \$484,791 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). Districts may only increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (N.J.A.C. 6A:23A-14.2) or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at the year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 30 of the budget year. EFCFA requires that upon District completion of a school facilities project, the district must submit a plan for the maintenance of that facility.

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$2,850,000
FY 2015-2016 Budgeted withdrawal	970,000
Deposit - June 30, 2016	<u>1,190,000</u>
Ending balance, June 30, 2016	<u>\$3,070,000</u>

5. RECEIVABLES

Receivables at June 30, 2016, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of governmental receivables follows:

	Governmental Fund Financial Statements	District-Wide financial Statements
State Aid	\$ 785,130	\$ 786,998
Federal Aid	492,182	522,759
Interfunds	266,745	38
Other	<u>6,937</u>	<u>10,151</u>
Gross Receivables	1,550,994	1,319,946
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 1,550,994</u>	<u>\$ 1,319,946</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

6. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2016:

	Balance 6/30/2015	Transfers/ Additions	Transfers/ Retirements	Balance 6/30/2016
Governmental Activities:				
Capital assets not being depreciated				
Land and land improvements	\$ 9,747,190	\$ -	\$ -	\$ 9,747,190
Construction in progress	1,483,348	-	(484,323)	999,025
Total capital assets not being depreciated	<u>11,230,538</u>	<u>-</u>	<u>(484,323)</u>	<u>10,746,215</u>
Capital assets being depreciated				
Building and building imprvmts	119,212,498	-	-	119,212,498
Machinery & equipment	13,759,569	982,823	(391,622)	14,350,770
Totals at historical cost	<u>132,972,067</u>	<u>982,823</u>	<u>(391,622)</u>	<u>133,563,268</u>
Less accumulated depreciation for:				
Building and bldg & land imprvmts	(35,142,353)	(1,946,107)	-	(37,088,460)
Machinery & equipment	(11,146,918)	(860,027)	383,074	(11,623,871)
Total accumulated depreciation	<u>(46,289,271)</u>	<u>(2,806,134)</u>	<u>383,074</u>	<u>(48,712,331)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>86,682,796</u>	<u>(1,823,311)</u>	<u>(8,548)</u>	<u>84,850,937</u>
Governmental activity capital assets, net	<u>\$ 97,913,334</u>	<u>\$ (1,823,311)</u>	<u>\$ (492,871)</u>	<u>\$ 95,597,152</u>
Business-type Activities:				
Capital assets being depreciated				
Building improvements	\$ 192,533	\$ -	\$ -	\$ 192,533
Machinery & equipment	1,344,287	605,474	(874,203)	1,075,558
Totals at historical cost	<u>1,536,820</u>	<u>605,474</u>	<u>(874,203)</u>	<u>1,268,091</u>
Less accumulated depreciation for:				
Building improvements	(131,715)	(9,624)	-	(141,339)
Machinery & equipment	(1,180,647)	(23,860)	307,027	(897,480)
Total accumulated depreciation	<u>(1,312,362)</u>	<u>(33,484)</u>	<u>307,027</u>	<u>(1,038,819)</u>
Enterprise fund capital assets, net	<u>\$ 224,458</u>	<u>\$ 571,990</u>	<u>\$ (567,176)</u>	<u>\$ 229,272</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 2,078,794
Special instruction	145,840
Student & instruction services	203,336
General administration	1,500
School administration	19,212
Plant operations & maintenance	148,365
Student transportation	209,087
Total depreciation expense	<u>\$ 2,806,134</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016 the following changes occurred in the non-current liabilities:

	Balance 6/30/2015	Increase	Decrease	Balance 6/30/2016	Due Within One Year
Bonds Payable	\$ 41,855,000	\$ -	\$ 2,125,000	\$ 39,730,000	\$ 2,220,000
Obligations under capital leases	1,111,256	-	383,801	727,455	400,604
Pension liability - PERS	31,097,380	6,266,846	-	37,364,226	1,480,851
Compensated absences payable	2,407,820	172,517	134,383	2,445,954	190,546
	<u>\$ 76,471,456</u>	<u>\$ 6,439,363</u>	<u>\$ 2,643,184</u>	<u>\$ 80,267,635</u>	<u>\$ 4,292,001</u>

A. Bonds Payable

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

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

Year ending June 30,	Principal	Interest	Total
2017	2,220,000	1,706,894	3,926,894
2018	2,330,000	1,600,403	3,930,403
2019	2,450,000	1,485,006	3,935,006
2020	2,560,000	1,363,319	3,923,319
2021	2,685,000	1,235,238	3,920,238
2022-2026	15,930,000	4,108,931	20,038,931
2027-2029	11,555,000	726,006	12,281,006
	<u>\$ 39,730,000</u>	<u>\$ 12,225,797</u>	<u>\$ 51,955,797</u>

B. Bonds Authorized But Not Issued

As of June 30, 2016 the District had no authorized but not issued bonds.

C. Capital Leases:

The District is leasing buses and a roof lease/purchase totaling \$2,148,519, with a net book value of \$727,455 under capital leases. All capital leases are for terms of two to ten years. The following is a schedule of the future minimum lease payments under capital leases and the present value of the net minimum leases payments as of June 30, 2016:

	Fiscal Year Ended June 30,	Amount of Lease
	2017	400,604
	2018	77,806
	2019	57,196
	2020	57,196
	2021	57,196
	2022-2023	114,392
Total of Minimum Lease Payments		\$ 764,390
Less: amount representing interest		36,935
Present value of net minimum lease pmts		<u>\$ 727,455</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

8. PENSION PLANS

Description of Plans:

All required 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 and are administered by the New Jersey Division of Pension and Benefits ("Division"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

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

For the year ended June 30, 2016, the District recognized pension expense of \$1,480,851 and revenue of \$2,538,332 for support provided by the State on the fund financials. These amounts are not included in the district-wide financials as required by GASB 68.

At June 30, 2015, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is 0.3268186055% of the total plan. The information below was provided from the State of New Jersey June 30, 2015 audit of the TPAF fund and has been adjusted to the District's proportionate share:

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

8. PENSION PLANS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	1,043,654	61,860
Changes of assumptions	23,393,166	
Net difference between projected and actual earnings on pension plan investments	-	1,739,372
Changes in proportion and differences between District contributions and proportionate share of contributions	149,387	236,041
District contributions subsequent to the measurement date		
Total	<u>24,586,207</u>	<u>2,037,273</u>

The District's proportionate share of the pension liability at June 30, 2015 as it relates to the District is \$206,563,315.

The District's proportionate share of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the State of New Jersey as follows:

Year ended June 30:	
2016	2,674,793
2017	2,674,793
2018	2,674,793
2019	4,097,465
2020	3,467,874
Thereafter	<u>7,179,666</u>
Total	<u>22,769,384</u>

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System 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 PERS 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.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

8. PENSION PLANS (CONTINUED)

For the year ended June 30, 2016, the District recognized pension expense of \$1,480,851. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.1598511296% of the total plan. The information below was provided from the State of New Jersey June 30, 2015 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	856,051	-
Changes of assumptions	3,853,588	-
Net difference between projected and actual earnings on pension plan investments		576,936
Changes in proportion and differences between District contributions and proportionate share of contributions	174,273	588,478
District contributions subsequent to the measurement date		
Total	<u>4,883,912</u>	<u>1,165,414</u>

The District's proportionate share of the pension liability at June 30, 2015 as it relates to the District is \$35,883,375 and has been recorded on the district-wide financials. The current portion due in April 2017 for the June 30, 2016 liability is \$1,480,851 and has been included on the district-wide financials. The total PERS pension liability at June 30, 2016 is \$37,364,226. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	752,360
2017	752,360
2018	752,360
2019	1,198,254
2020	677,369
Thereafter	-
Total	<u>4,132,703</u>

Notes to Basic Financial Statements

8. PENSION PLANS (CONTINUED)Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	(.040)%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

8. PENSION PLANS (CONTINUED)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (6.90%)
District's proportionate share of the net pension liability	44,598,645	35,883,375	28,576,556

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

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

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

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

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$3,022,451 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,430,686 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements as a revenue and expenditure in accordance with Governmental Accounting Standards.

Notes to Basic Financial Statements

9. DEFINED CONTRIBUTION RETIREMENT PLAN (DCRP)

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq. The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The District's contributions to the DCRP for June 30, 2016 were \$94,772. There was no liability for unpaid contributions at June 30, 2016.

10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits of those State employees who retire after reaching age 60 and accumulating 25 years of credited service. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits thru TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

11. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16(GASBS 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

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

Notes to Basic Financial Statements

12. DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
AXA/Equitable

13. RISK MANAGEMENT

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from prior year and no settlements have exceeded insurance coverage’s over the past three years.

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ 70	\$ 79,376	\$ 115,114	\$ 672,558
2014-2015	70	79,650	107,781	709,722
2013-2014	70	73,112	71,272	739,275

14. INTERFUND BALANCES AND ACTIVITY

The following interfund balances remained on the balance sheet at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 266,745	\$ -
Special Revenue Fund	-	266,707
Capital Projects Fund	-	-
Debt Service Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	-	38
	<u>\$ 266,745</u>	<u>\$ 266,745</u>

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

15. INVENTORY

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$	13,134
Supplies		6,616
Commodities		2,942
	\$	<u>22,692</u>

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

16. CONTINGENT LIABILITIES

Grant Programs

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

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

17. FUND BALANCES

General Fund – Of the \$12,001,717 General Fund balance at June 30, 2016, \$1,001,380 of encumbrances is committed to other purposes, \$2,500,000 is restricted for excess surplus, \$2,000,000 is restricted for excess surplus designated for subsequent year's expenditures, \$1,000,000 is assigned to offset 2016-17 general fund expenditures, \$2,262,453 is restricted for capital reserve, \$3,070,000 is restricted for maintenance reserve, and \$167,884 is unreserved and undesignated.

18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$2,500,000.

19. UNCERTAIN TAX POSITIONS

The school district had no unrecognized tax benefits at June 30, 2016. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2013.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 3, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 56,603,915	\$ -	\$ 56,603,915	56,603,915	\$ -
Tuition	-	-	-	22,326	22,326
Interest	-	-	-	1,443	1,443
Interest earned on capital reserve funds	-	-	-	1,560	1,560
Miscellaneous	361,160	-	361,160	385,160	24,000
Total - local sources	<u>56,965,075</u>	<u>-</u>	<u>56,965,075</u>	<u>57,014,404</u>	<u>49,329</u>
State sources:					
Equalization aid	12,610,419	-	12,610,419	12,610,419	-
Transportation aid	2,122,959	-	2,122,959	2,122,959	-
Special education aid	3,077,364	-	3,077,364	3,077,364	-
Security aid	403,710	-	403,710	403,710	-
Adjustment aid	1,407,425	-	1,407,425	1,407,425	-
Extraordinary aid	225,000	-	225,000	588,733	363,733
Other state aid	165,713	-	165,713	187,190	21,477
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	3,022,451	3,022,451
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	2,538,332	2,538,332
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,430,686	2,430,686
Total state sources	<u>20,012,590</u>	<u>-</u>	<u>20,012,590</u>	<u>28,389,269</u>	<u>8,376,679</u>
Federal Sources					
Medicaid Reimbursement	-	-	-	17,158	17,158
Total - Federal Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,158</u>	<u>17,158</u>
Total revenues	<u>76,977,665</u>	<u>-</u>	<u>76,977,665</u>	<u>85,420,831</u>	<u>8,443,166</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of teachers	1,873,027	(175,000)	1,698,027	1,670,135	27,892
Grades 1-5 - Salaries of teachers	11,177,053	(30,900)	11,146,153	10,908,486	237,667
Grades 6-8 - Salaries of teachers	7,903,067	(52,545)	7,850,522	7,549,050	301,472
Regular Programs - Home Instruction:					
Salaries of teachers	40,000	17,500	57,500	57,477	23
Purchased professional-educational services	5,000	(1,000)	4,000	2,530	1,470
Regular Programs - Undistributed Instruction					
Other salaries for instruction	26,989	-	26,989	25,695	1,294
Purchased professional-educational services	3,000	1,990	4,990	1,990	3,000
Other purchased services (400-500 series)	376,410	3,697	380,107	304,794	75,313
General supplies	1,365,875	198,912	1,564,787	1,019,555	545,232
Textbooks	62,500	(36,339)	26,161	12,042	14,119
Other objects	50,800	(740)	50,060	23,509	26,551
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>22,883,721</u>	<u>(74,425)</u>	<u>22,809,296</u>	<u>21,575,263</u>	<u>1,234,033</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	293,832	(150)	293,682	292,822	860
Other salaries for instruction	315,741	(29,850)	285,891	279,059	6,832
Other purchased services (400-500 series)	500	-	500	-	500
General supplies	7,500	29	7,529	7,333	196
Total Learning and/or Language Disabilities	<u>617,573</u>	<u>(29,971)</u>	<u>587,602</u>	<u>579,214</u>	<u>8,388</u>
Multiple Disabilities:					
Salaries of teachers	800,875	(91,200)	709,675	684,483	25,192
Other salaries for instruction	271,962	31,200	303,162	296,522	6,640
Other purchased services	1,000	-	1,000	-	1,000
General supplies	4,000	-	4,000	267	3,733
Other objects	9,000	-	9,000	5,075	3,925
Total Multiple Disabilities	<u>1,086,837</u>	<u>(60,000)</u>	<u>1,026,837</u>	<u>986,347</u>	<u>40,490</u>
Resource Room/Resource Center:					
Salaries of teachers	4,842,402	(15,000)	4,827,402	4,808,433	18,969
Other salaries for instruction	484,410	(27,000)	457,410	449,756	7,654
General supplies	5,500	1,000	6,500	5,655	845
Textbooks	-	-	-	-	-
Total Resource Room/Resource Center	<u>5,332,312</u>	<u>(41,000)</u>	<u>5,291,312</u>	<u>5,263,844</u>	<u>27,468</u>
PSH					
Salaries of teachers	569,746	14,080	583,826	583,065	761
Other salaries for instruction	322,756	(2,100)	320,656	315,983	4,673
General supplies	3,000	20	3,020	2,963	57
Total PSH:	<u>895,502</u>	<u>12,000</u>	<u>907,502</u>	<u>902,011</u>	<u>5,491</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Home Instruction					
Salaries of teachers	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000
Purchased professional-educational services	10,000	-	10,000	-	10,000
Total Home Instruction	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>7,947,224</u>	<u>(118,971)</u>	<u>7,828,253</u>	<u>7,731,416</u>	<u>96,837</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	1,544,718	32,500	1,577,218	1,496,530	80,688
General supplies	3,500	458	3,958	3,208	750
Total Basic Skills/Remedial - Instruction	<u>1,548,218</u>	<u>32,958</u>	<u>1,581,176</u>	<u>1,499,738</u>	<u>81,438</u>
Bilingual Education - Instruction					
Salaries of teachers	317,780	(100)	317,680	311,204	6,476
General supplies	2,300	100	2,400	2,313	87
Total Bilingual Education - Instruction	<u>320,080</u>	<u>-</u>	<u>320,080</u>	<u>313,517</u>	<u>6,563</u>
School-Spon. Cocurricular Actvts. - Instruction					
Salaries	160,000	7,500	167,500	166,410	1,090
Other purchased services (400-500 series)	10,000	4,386	14,386	13,672	714
Supplies and materials	4,000	1,400	5,400	4,881	519
Other objects	5,000	750	5,750	1,590	4,160
Total School-Spon. Cocurric. Actvts. - Instruction	<u>179,000</u>	<u>14,036</u>	<u>193,036</u>	<u>186,553</u>	<u>6,483</u>
School-Spon. Athletics - Instruction					
Salaries	110,000	-	110,000	93,826	16,174
Other purchased services (400-500 series)	12,500	-	12,500	8,008	4,492
Supplies and materials	13,500	-	13,500	13,481	19
Other objects	3,500	-	3,500	2,515	985
Total School-Spon. Athletics - Instruction	<u>139,500</u>	<u>-</u>	<u>139,500</u>	<u>117,830</u>	<u>21,670</u>
Total Instruction	<u>33,017,743</u>	<u>(146,402)</u>	<u>32,871,341</u>	<u>31,424,317</u>	<u>1,447,024</u>
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - Special	42,450	9,750	52,200	52,172	28
Tuition to CSSD & Regional Day Schools	287,311	(87,250)	200,061	167,252	32,809
Tuition to Private Schools for the Disabled - Within State	633,746	235,748	869,494	788,183	81,311
Tuition - Other	65,519	82,602	148,121	148,121	-
Total Undistributed Expenditures - Instruction	<u>1,029,026</u>	<u>240,850</u>	<u>1,269,876</u>	<u>1,155,728</u>	<u>114,148</u>
Undist. Expend. - Health Services					
Salaries	736,735	9,830	746,565	744,090	2,475
Purchased professional and technical services	24,500	(200)	24,300	18,000	6,300
Other purchased services (400-500 series)	12,500	1,650	14,150	5,742	8,408
Supplies and materials	17,000	(180)	16,820	14,506	2,314
Other objects	1,000	900	1,900	1,098	802
Total Undistributed Expenditures - Health Services	<u>791,735</u>	<u>12,000</u>	<u>803,735</u>	<u>783,436</u>	<u>20,299</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries of other professional staff	1,357,190	(2,500)	1,354,690	1,326,566	28,124
Purchased professional - educational services	125,000	(9,230)	115,770	81,624	34,146
General supplies	4,500	-	4,500	2,137	2,363
Total Undist. Expend. - Speech, OT, PT & Related Services	<u>1,486,690</u>	<u>(11,730)</u>	<u>1,474,960</u>	<u>1,410,327</u>	<u>64,633</u>
Undist. Expend. - Other Supp. Services - Stud. - Extraord. Ser.					
Salaries	1,000	-	1,000	-	1,000
Other salaries for instruction	958,306	25,000	983,306	958,405	24,901
Purchased professional - educational services	325,000	154,500	479,500	402,350	77,150
Supplies and materials	21,500	7,500	29,000	28,087	913
Total Undist. Expend. - Other Supp. Serv. Stud. - Extraord. Ser.	<u>1,305,806</u>	<u>187,000</u>	<u>1,492,806</u>	<u>1,388,842</u>	<u>103,964</u>
Undist. Expend. - Guidance					
Salaries of other professional staff	797,881	1,000	798,881	743,756	55,125
Purchased professional - educational services	6,000	-	6,000	5,179	821
Other purchased services (400-500 series)	55,000	-	55,000	48,803	6,197
Supplies and materials	36,000	3,177	39,177	10,875	28,302
Total Undist. Expend. - Guidance	<u>894,881</u>	<u>4,177</u>	<u>899,058</u>	<u>808,613</u>	<u>90,445</u>
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	1,305,250	(35,000)	1,270,250	1,236,943	33,307
Salaries of secretarial and clerical assistants	133,305	6,000	139,305	134,873	4,432
Purchased professional - educational services	3,500	(250)	3,250	2,500	750
Other purchased professional and technical services	45,000	(1,750)	43,250	23,749	19,501
Misc. purchased service	450	-	450	-	450
Supplies and materials	5,750	1,472	7,222	6,237	985
Other objects	500	-	500	150	350
Total Undist. Expend. - Child Study Teams	<u>1,493,755</u>	<u>(29,528)</u>	<u>1,464,227</u>	<u>1,404,452</u>	<u>59,775</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Improvement of Instruction Services					
Salaries of supervisor of instruction	\$ 212,380	\$ (15,200)	\$ 197,180	\$ 196,910	\$ 270
Salaries of other professional staff	152,971	(16,820)	136,151	133,572	2,579
Salaries of secretarial and clerical assist.	17,052	20	17,072	17,071	1
Other salaries	-	6,600	6,600	6,580	20
Other purchased professional and technical services	-	54,670	54,670	52,223	2,447
Other purchased services (400-500)	5,000	-	5,000	2,534	2,466
Supplies and materials	750	400	1,150	445	705
Other objects	2,500	-	2,500	2,048	452
Total Undist. Expend. - Improvement of Instruction Services	390,653	29,670	420,323	411,383	8,940
Undist. Expend. - Educational Media Services/School Library					
Salaries	1,027,028	9,975	1,037,003	1,034,747	2,256
Supplies and materials	47,000	3,244	50,244	37,460	12,784
Other objects	13,000	-	13,000	12,485	515
Total Undist. Expend. - Ed. Media Services/School Library	1,087,028	13,219	1,100,247	1,084,692	15,555
Undist. Expend. - Instruction Staff Training Services					
Salaries of supervisors of instruction	278,577	(20,030)	258,547	245,023	13,524
Salaries of other professional staff	33,393	-	33,393	33,393	-
Salaries of secretarial & clerical assist.	25,577	30	25,607	25,607	-
Other salaries	-	9,900	9,900	9,871	29
Purchased professional - educational services	54,650	27,975	82,625	8,400	74,225
Other purchased services (400-500 series)	14,050	3,990	18,040	10,468	7,572
Supplies and materials	6,300	(2,320)	3,980	1,624	2,356
Other objects	300	-	300	85	215
Total Undist. Expend. - Instruction Staff Training Services	412,847	19,545	432,392	334,471	97,921
Undist. Expend. - Support Service - General Administration					
Salaries	231,637	13,501	245,138	245,138	-
Legal services	180,000	(103,506)	76,494	72,458	4,036
Audit fees	45,000	-	45,000	40,000	5,000
Architectural/Engineering Services	60,000	65,703	125,703	102,428	23,275
Other purchased professional services	51,500	(13,501)	37,999	36,000	1,999
Communications/Telephone	310,000	250	310,250	300,660	9,590
BOE Other Purchased Services	4,500	-	4,500	1,376	3,124
Misc purchased services (400-500 series)	46,240	-	46,240	31,651	14,589
General supplies	5,000	-	5,000	1,986	3,014
BOE In-House Training/Meeting Supplies	4,000	-	4,000	1,547	2,453
Judgements against the School District	-	103,506	103,506	65,081	38,425
Miscellaneous expenditures	5,250	-	5,250	5,200	50
Membership Dues and Fees	28,000	-	28,000	26,739	1,261
Total Undist. Expend. - Support Service - Gen. Admin.	971,127	65,953	1,037,080	930,264	106,816
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	1,977,886	8,750	1,986,636	1,986,267	369
Salaries of other professional staff	248,874	117,600	366,474	357,377	9,097
Salaries of secretarial and clerical assistants	845,850	750	846,600	830,044	16,556
Other purchased services (400-500 series)	44,200	600	44,800	30,509	14,291
Supplies and materials	102,310	(9,615)	92,695	53,910	38,785
Other objects	21,900	-	21,900	18,014	3,886
Total Undist. Expend. - Support Service - School Admin.	3,241,020	118,085	3,359,105	3,276,121	82,984
Undist. Expend. - Support Service - Central Services					
Salaries	869,276	75	869,351	866,116	3,235
Purchased professional services	105,000	(1,000)	104,000	80,303	23,697
Purchased technical services	204,850	(20,075)	184,775	155,720	29,055
Miscellaneous purchased services	109,050	4,485	113,535	86,825	26,710
Supplies and materials	37,000	20,191	57,191	19,655	37,536
Other objects	11,275	300	11,575	10,861	714
Total Undist. Expend. - Support Service - Central Services	1,336,451	3,976	1,340,427	1,219,480	120,947
Undist. Expend. - Support Service - Admin. Information Tech.					
Salaries	192,020	-	192,020	189,455	2,565
Purchased technical services	253,655	43,955	297,610	279,358	18,252
Other purchased services	43,000	-	43,000	15,670	27,330
Supplies and materials	6,100	-	6,100	991	5,109
Other objects	1,300	-	1,300	-	1,300
Total Undist. Expend. - Support Service - Admin. Info. Tech.	496,075	43,955	540,030	485,474	54,556
Undist. Expend. - Required Maintenance for School Facilities					
Cleaning, repair and maintenance services	805,000	146,106	951,106	750,609	200,497
General supplies	160,000	45,659	205,659	165,040	40,619
Other objects	5,000	1,140	6,140	6,140	-
Total Undist. Expend. - Required Maint. for School Facilities	970,000	192,905	1,162,905	921,789	241,116

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Custodial services					
Salaries	\$ 3,506,308	\$ -	\$ 3,506,308	\$ 3,360,556	\$ 145,752
Salaries of Non-instructional Aides	301,429	10,000	311,429	304,009	7,420
Purchased professional and technical services	20,000	5,600	25,600	15,670	9,930
Cleaning, repair and maintenance services	290,000	15,771	305,771	237,198	68,573
Other purchased property services	160,000	-	160,000	139,999	20,001
Insurance	484,836	(87,200)	397,636	320,202	77,434
Miscellaneous purchased services	1,500	-	1,500	791	709
General supplies	300,000	764	300,764	282,078	18,686
Energy - Natural gas	600,000	(900)	599,100	310,195	288,905
Energy - Electricity	1,250,000	(141,160)	1,108,840	891,471	217,369
Energy - Gasoline	-	900	900	505	395
Other objects	13,800	5,590	19,390	18,250	1,140
Total Undist. Expend. - Custodial Services	<u>6,927,873</u>	<u>(190,635)</u>	<u>6,737,238</u>	<u>5,880,924</u>	<u>856,314</u>
Undistributed Expenditures - Care and Upkeep of Grounds					
Salaries	266,827	(6,300)	260,527	246,594	13,933
Cleaning, Repair, and Maintenance Services	140,000	107,360	247,360	219,741	27,619
General Supplies	100,000	14,300	114,300	110,050	4,250
Other Objects	9,500	(5,700)	3,800	1,686	2,114
Total Undistributed Expenditures - Care and Upkeep of Grounds	<u>516,327</u>	<u>109,660</u>	<u>625,987</u>	<u>578,071</u>	<u>47,916</u>
Undistributed Expenditures - Security					
Salaries	53,038	-	53,038	48,984	4,054
Purchased Professional & Technical Services	39,500	22,500	62,000	60,024	1,976
Cleaning, Repair, and Maintenance Services	100,000	(33,993)	66,007	64,565	1,442
General Supplies	33,100	(7,549)	25,551	3,417	22,134
Other Objects	14,500	595	15,095	2,342	12,753
Total Undistributed Expenditures - Security	<u>240,138</u>	<u>(18,447)</u>	<u>221,691</u>	<u>179,332</u>	<u>42,359</u>
Undist. Expend. - Student Transportation Services					
Salaries of Non-instructional Aides	462,681	10,000	472,681	371,257	101,424
Salaries for pupil transp.(between home and school) - Regular	2,171,015	(140,000)	2,031,015	1,655,146	375,869
Salaries for pupil transp.(between home and school) - Special	567,012	13,400	580,412	561,264	19,148
Salaries for pupil transp.(other than between home and school)	17,500	5,000	22,500	22,286	214
Other salaries	-	26,000	26,000	25,192	808
Social security contributions	245,000	-	245,000	193,947	51,053
Workers compensation	210,000	-	210,000	177,100	32,900
Health benefits	1,905,000	-	1,905,000	1,905,000	-
Other purchased professional and technical services	35,000	-	35,000	32,871	2,129
Cleaning, repair and maintenance services	85,000	-	85,000	81,654	3,346
Lease purchase payments - School buses	200,000	-	200,000	194,860	5,140
Contract services - Aid in Lieu of Payment for NP school students	145,000	-	145,000	96,866	48,134
Contract services (Between Home and School) - Joint agreements	50,000	(8,628)	41,372	41,372	-
Contract services (Sp Ed Stds) - Joint agreements	720,000	137,928	857,928	857,927	1
Contract services - (regular education students) - ESCs & CTSA's	45,000	6,923	51,923	51,923	-
Miscellaneous purchased services - Transportation	104,328	-	104,328	87,449	16,879
Supplies and materials	12,000	10,000	22,000	8,782	13,218
Transportation Supplies	890,000	(34,623)	855,377	393,382	461,995
Miscellaneous expenditures	5,000	-	5,000	4,437	563
Total Undist. Expend. - Student Transportation Services	<u>7,869,536</u>	<u>26,000</u>	<u>7,895,536</u>	<u>6,762,715</u>	<u>1,132,821</u>
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance	5,000	3,194	8,194	6,420	1,774
Social security contributions	885,000	-	885,000	874,642	10,358
Other Retirement Contributions	1,700,000	(3,194)	1,696,806	1,374,291	322,515
Unemployment Compensation	175,000	(14,129)	160,871	-	160,871
Workmen's compensation	250,000	-	250,000	239,686	10,314
Health benefits	12,250,000	(182,850)	12,067,150	11,149,603	917,547
Tuition reimbursement	150,000	8,190	158,190	103,922	54,268
Other employee benefits	260,500	(28,371)	232,129	129,170	102,959
TOTAL UNALLOCATED EMPLOYEE BENEFITS	<u>15,675,500</u>	<u>(217,160)</u>	<u>15,458,340</u>	<u>13,877,734</u>	<u>1,580,606</u>
On-behalf TPAF pension Contributions (non-budgeted)	-	-	-	3,022,451	(3,022,451)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib.(non-budgeted)	-	-	-	2,538,332	(2,538,332)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	2,430,686	(2,430,686)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,991,469</u>	<u>(7,991,469)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>15,675,500</u>	<u>(217,160)</u>	<u>15,458,340</u>	<u>21,869,203</u>	<u>(6,410,863)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>47,136,468</u>	<u>599,495</u>	<u>47,735,963</u>	<u>50,885,317</u>	<u>(3,149,354)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>80,154,211</u>	<u>453,093</u>	<u>80,607,304</u>	<u>82,309,634</u>	<u>(1,702,330)</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Grades 1-5	\$ 25,000	\$ 4,200	\$ 29,200	\$ 23,154	\$ 6,046
Undistributed:					
Undistributed expenditures - School Admin.	-	2,300	2,300	2,300	-
Undistributed expenditures - Central services	10,000	(10,000)	-	-	-
Undistributed expenditures - Admin Info Tech.	10,000	(7,500)	2,500	2,453	47
Undistributed expenditures - Operation & maint. Of plant services	67,000	77,090	144,090	114,090	30,000
Undistributed expenditures - Required Maintenance for School Fac.	-	62,945	62,945	62,945	-
Undistributed expenditures - Care and Upkeep of Grounds	60,000	27,362	87,362	83,824	3,538
School buses - Regular	-	187,641	187,641	187,641	-
Undistributed expenditures - Non-instr. Serv.	10,000	(10,000)	-	-	-
Total Equipment	<u>182,000</u>	<u>334,038</u>	<u>516,038</u>	<u>476,407</u>	<u>39,631</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	95,000	68,573	163,573	43,675	119,898
Construction Services	1,326,500	(4,398)	1,322,102	32,911	1,289,191
Lease Purchase Agreement - Principal	202,000	-	202,000	201,999	1
Other Objects	142,616	999	143,615	129,636	13,979
Total Facilities Acquisition and Construction Services	<u>1,766,116</u>	<u>65,174</u>	<u>1,831,290</u>	<u>408,221</u>	<u>1,423,069</u>
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures:					
School Administration	-	-	-	-	-
Assets Acquired Under Capital Leases (non-budgeted)					
Capital reserve - Transfer to	-	-	-	-	-
TOTAL CAPITAL OUTLAY	<u>1,948,116</u>	<u>399,212</u>	<u>2,347,328</u>	<u>884,628</u>	<u>1,462,700</u>
Transfer of Funds to Charter Schools	110,000	-	110,000	91,255	18,745
TOTAL EXPENDITURES	<u>82,212,327</u>	<u>852,305</u>	<u>83,064,632</u>	<u>83,285,517</u>	<u>(220,885)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,234,662)</u>	<u>(852,305)</u>	<u>(6,086,967)</u>	<u>2,135,314</u>	<u>8,222,281</u>
Other Financing Sources(Uses):					
Transfer in	-	-	-	-	-
Capital leases - Non-budgeted	-	-	-	-	-
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(5,234,662)</u>	<u>(852,305)</u>	<u>(6,086,967)</u>	<u>2,135,314</u>	<u>8,222,281</u>
Fund Balance, July 1	11,814,610	-	11,814,610	11,814,610	-
Fund Balance, June 30	<u>\$ 6,579,948</u>	<u>\$ (852,305)</u>	<u>\$ 5,727,643</u>	<u>13,949,924</u>	<u>\$ 8,222,281</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				2,262,453	
Maintenance reserve				3,070,000	
Excess surplus - current year				2,500,000	
Excess surplus - designated for subsequent year's expenditures				2,000,000	
Committed Fund Balance:					
Other purposes				-	
Year-end encumbrances				1,001,380	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				1,000,000	
Unassigned fund balance				<u>\$ 2,116,091</u>	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				\$ 13,949,924	
Last state aid payment not recognized on GAAP basis				(1,948,207)	
Fund balance per governmental funds (GAAP) - B-1				<u>12,001,717</u>	
Restricted fund balances				11,833,833	
Unrestricted fund balances				167,884	
Fund balance per governmental funds (GAAP) - B-1				<u>\$ 12,001,717</u>	

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	\$ 224,881	\$ 224,881	\$ 136,096	\$ (88,785)
State sources	27,978	(1,871)	26,107	11,599	(14,508)
Federal sources	1,394,502	419,267	1,813,769	1,672,635	(141,134)
Total Revenues	<u>1,422,480</u>	<u>642,277</u>	<u>2,064,757</u>	<u>1,820,330</u>	<u>(244,427)</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	389,147	20,635	409,782	408,260	1,522
Purchased professional services	-	43,706	43,706	34,720	8,986
Textbooks	4,305	549	4,854	343	4,511
Tuition	860,000	116,139	976,139	866,123	110,016
Miscellaneous expense	-	10,602	10,602	10,602	-
General supplies	19,842	217,831	237,673	157,351	80,322
Total instruction	<u>1,273,294</u>	<u>409,462</u>	<u>1,682,756</u>	<u>1,477,399</u>	<u>205,357</u>
Support services:					
Other professional staff salaries	30,000	74,654	104,654	94,925	9,729
Personal services - employee benefits	30,000	33,978	63,978	61,369	2,609
Purchased professional - educational services	20,953	52,571	73,524	68,245	5,279
Purchased technical services	18,600	11,443	30,043	27,220	2,823
Travel	20,000	28,490	48,490	37,317	11,173
Supplies & materials	29,633	23,039	52,672	48,060	4,612
Total support services	<u>149,186</u>	<u>224,175</u>	<u>373,361</u>	<u>337,136</u>	<u>36,225</u>
EXPENDITURES (CONT'D):					
Facilities acquisition and const. serv.:					
Instructional equipment	-	8,640	8,640	5,795	2,845
Total facilities acquisition and const. serv.	<u>-</u>	<u>8,640</u>	<u>8,640</u>	<u>5,795</u>	<u>2,845</u>
Total expenditures	<u>1,422,480</u>	<u>642,277</u>	<u>2,064,757</u>	<u>1,820,330</u>	<u>244,427</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2016

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]	\$ 85,420,831	[C-2]	\$ 1,820,330
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		(19,447)
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(2,538,332)		
The 2014-15 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense.		1,954,443		-
The 2015-16 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense.		(1,948,207)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 82,888,735	[B-2]	\$ 1,800,883
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 83,285,517	[C-2]	\$ 1,820,330
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(2,538,332)		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		(19,447)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 80,747,185	[B-2]	\$ 1,800,883

REQUIRED SUPPLEMENTARY INFORMATION – PART III

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.1587539904%	0.1585112960%
District's proportionate share of the net pension liability	\$ 31,097,380	\$ 37,364,226
District's covered-employee payroll	12,521,737	10,892,044
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.27%	29.15%
Plan fiduciary net position as a percentage of the total pension liability	67.89%	61.84%

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the District Contributions-PERS
 For the Fiscal Year Ended June 30, 2016**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
Contractually required contributions	\$ 1,308,745	\$ 1,374,291
Contributions in relation to the contractually required contribution	<u>1,308,745</u>	<u>1,374,291</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 12,521,737	\$ 10,892,044
Contributions as a percentage of covered-employee payroll	10.45%	12.62%

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

MANALAPN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.3077796387%	0.3268186055%
District's proportionate share of the net pension liability	\$ 164,498,200	\$ 206,563,315
District's covered-employee payroll	33,113,319	33,711,862
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	20.13%	16.32%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

The District has a special funding situation as is not required to make any payments for this liability therefore it is not recorded on the CAFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Required Supplementary Information

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary increases: 2012-2021	2.15-4.40%
Thereafter	3.15-5.40% based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

OTHER SUPPLEMENTARY INFORMATION

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	<u>Title I Part A 15/16</u>	<u>Title II Part A 15/16</u>	<u>Title III 15/16</u>	<u>IDEA-Part B-Basic Reg Prog 15/16</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	<u>274,944</u>	<u>108,902</u>	<u>18,648</u>	<u>1,207,145</u>
Total revenues	<u>274,944</u>	<u>108,902</u>	<u>18,648</u>	<u>1,207,145</u>
Expenditures:				
Instruction:				
Salaries of teachers	220,061	-	4,279	183,920
Purchased professional services	-	-	-	10,960
General supplies	-	-	13,472	47,272
Tuition	-	-	-	866,123
Textbooks	-	-	-	-
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total instruction	<u>220,061</u>	<u>-</u>	<u>17,751</u>	<u>1,108,275</u>
Support services:				
Other support services - students - special:				
Other professional staff salaries	-	27,424	897	66,604
Purchased professional services	-	-	-	-
Purchased technical services	-	18,600	-	3,388
Employee benefits	54,883	-	-	6,486
Travel	-	24,854	-	12,463
General supplies	-	38,024	-	9,929
Purchased prof.-educ.services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other support services - students - special	<u>54,883</u>	<u>108,902</u>	<u>897</u>	<u>98,870</u>
Total expenditures	<u>\$ 274,944</u>	<u>\$ 108,902</u>	<u>\$ 18,648</u>	<u>\$ 1,207,145</u>

(continued on next page)

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

(Continued from prior page)

	IDEA-Part B-Preschool	Chapter 192/193 Nonpublic	
	Reg Prog 15/16	Classification 15/16	Speech 15/16
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	3,577	1,672
Federal sources	62,996	-	-
	<u>62,996</u>	<u>-</u>	<u>-</u>
Total revenues	<u>62,996</u>	<u>3,577</u>	<u>1,672</u>
Expenditures:			
Instruction:			
Salaries of teachers	-	-	-
Purchased professional services	-	-	-
General supplies	-	-	-
Tuition	-	-	-
Textbooks	-	-	-
Miscellaneous expenses	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>
Support services:			
Other support services - students - special:			
Other professional staff salaries	-	-	-
Purchased professional services	62,996	-	-
Purchased technical services	-	-	-
Employee benefits	-	-	-
Travel	-	-	-
General supplies	-	-	-
Purchased prof.-educ.services	-	3,577	1,672
	<u>-</u>	<u>3,577</u>	<u>1,672</u>
Total other support services - students - special	<u>62,996</u>	<u>3,577</u>	<u>1,672</u>
Total expenditures	<u>\$ 62,996</u>	<u>\$ 3,577</u>	<u>\$ 1,672</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

(Continued from prior page)

	Non-Public			
	Nursing 15/16	Security 15/16	Textbook 15/16	Technology 15/16
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	5,232	107	343	668
Federal sources	-	-	-	-
Total revenues	<u>5,232</u>	<u>107</u>	<u>343</u>	<u>668</u>
Expenditures:				
Instruction:				
Salaries of teachers	-	-	-	-
Purchased professional services	-	-	-	-
General supplies	-	-	-	668
Tuition	-	-	-	-
Textbooks	-	-	343	-
Miscellaneous expenses	-	-	-	-
Total instruction	<u>-</u>	<u>-</u>	<u>343</u>	<u>668</u>
Support services:				
Other support services -				
students - special:				
Other professional				
staff salaries	-	-	-	-
Purchased professional services	-	-	-	-
Purchased technical services	5,232	-	-	-
Employee benefits	-	-	-	-
Travel	-	-	-	-
General supplies	-	107	-	-
Purchased prof.-educ.services	-	-	-	-
Total expenditures	<u>\$ 5,232</u>	<u>\$ 107</u>	<u>\$ 343</u>	<u>\$ 668</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

(Continued from prior page)

	<u>Target Take Charge of Education 15/16</u>	<u>Foundation for MERS 15/16</u>	<u>Other Local Grants 15/16</u>	<u>Total 2016</u>
Revenues:				
Local sources	\$ 11,849	\$ 82,533	\$ 41,714	\$ 136,096
State sources	-	-	-	11,599
Federal sources	-	-	-	1,672,635
Total revenues	<u>11,849</u>	<u>82,533</u>	<u>41,714</u>	<u>1,820,330</u>
Expenditures:				
Instruction:				
Salaries of teachers	-	-	-	408,260
Purchased professional services	-	20,765	2,995	34,720
General supplies	11,849	55,371	28,719	157,351
Tuition	-	-	-	866,123
Textbooks	-	-	-	343
Miscellaneous expenses	-	602	10,000	10,602
Total instruction	<u>11,849</u>	<u>76,738</u>	<u>41,714</u>	<u>1,477,399</u>
Support services:				
Other support services - students - special:				
Other professional staff salaries	-	-	-	94,925
Purchased professional services	-	-	-	62,996
Purchased technical services	-	-	-	27,220
Employee benefits	-	-	-	61,369
Travel	-	-	-	37,317
General supplies	-	-	-	48,060
Purchased prof.-educ.services	-	-	-	5,249
Other purchased services	-	-	-	-
Total other support services - students - special	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,136</u>
Equipment:				
Regular programs instruction	-	5,795	-	5,795
Total equipment	<u>-</u>	<u>5,795</u>	<u>-</u>	<u>5,795</u>
Total expenditures	<u>\$ 11,849</u>	<u>\$ 82,533</u>	<u>\$ 41,714</u>	<u>\$ 1,820,330</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Net Position
June 30, 2016

	Food Service
Assets:	
Current assets:	
Cash and cash equivalents	\$ 555,490
Accounts receivable:	
State	1,868
Federal	30,577
Other	3,214
Prepaid expense	8,555
Inventories	22,692
Total current assets	622,396
Capital assets:	
Building improvements	192,533
Equipment	1,075,558
Accumulated depreciation	(1,038,819)
Total capital assets	229,272
Total assets	\$ 851,668
Liabilities and Net Position:	
Liabilities:	
Accounts payable	67,440
Unearned revenue	22,152
Total liabilities	89,592
Net position:	
Invested in capital assets, net of related debt	229,272
Unrestricted net position	532,804
Total net position	762,076
Total liabilities and net position	\$ 851,668

Exhibit G-2

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
for the Fiscal Year ended June 30, 2016

	Food Service
Operating revenues:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 982,823
Special functions	8,187
Total-daily sales-reimbursable programs	991,010
Daily sales non-reimbursable programs	622,068
Total operating revenues	1,613,078
 Operating expenses:	
Salaries	573,848
Employee benefits	212,438
Other purchased services	130,551
Repairs and maintenance	84,541
Supplies and materials	71,340
Depreciation	33,484
Cost of sales - reimbursable programs	688,187
Cost of sales - non-reimbursable programs	177,939
Total operating expenses	1,972,328
Operating loss	(359,250)
 Nonoperating revenues:	
State sources:	
State school lunch program	19,298
Federal sources:	
National school lunch program	319,229
Special milk program	252
U.S.D.A. commodities	108,368
Miscellaneous income	20,287
Interest income	52
Total nonoperating revenues	467,486
 Change in net position	108,236
Total net position beginning	653,840
Total net position ending	\$ 762,076

Exhibit G-3

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Year ended June 30, 2016**

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 1,600,957
Payments to employees	(573,848)
Payments for employee benefits	(212,438)
Payments to suppliers	(1,106,444)
Net cash used for operating activities	<u>(291,773)</u>
Cash Flows from Noncapital Financing Activities	
State sources	19,298
Federal sources	319,481
Net cash provided by noncapital financing activities	<u>338,779</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of fixed assets	(18,011)
Net cash used for capital and related financing activities	<u>(18,011)</u>
Cash Flows from Investing Activities	
Interest on investments	52
Net cash provided by investing activities	<u>52</u>
Net increase in cash and cash equivalents	29,047
Balances-beginning of the year	526,443
Balances-end of the year	<u>\$ 555,490</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:	
Operating loss	\$ (359,250)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation	33,484
Federal commodities	108,368
Change in assets and liabilities:	
Increase in deferred revenue	(8,991)
Increase in prepaid expense	4,079
Decrease in accounts receivable	(3,130)
Decrease in inventory	(652)
Decrease in accounts payable	(65,681)
Total adjustments	<u>67,477</u>
Net cash used by operating activities	<u>\$ (291,773)</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Combining Statement of Agency Fund Assets and Liabilities
Fiduciary Funds
June 30, 2016

	Trust				Agency			Total Agency
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trust Fund	Student Activity	Payroll	Flex Spending	
ASSETS								
Cash and cash equivalents	\$ 603,068	\$ 3,932	\$ 40,000	\$ 647,000	\$ 57,158	\$ 543,402	\$ 70,129	\$ 670,689
Other Accounts Receivable	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-
Intrafund receivable	79,376	-	-	79,376	-	-	-	-
Total assets	<u>682,444</u>	<u>3,932</u>	<u>40,000</u>	<u>726,376</u>	<u>57,158</u>	<u>543,402</u>	<u>70,129</u>	<u>670,689</u>
LIABILITIES								
Accounts payable	9,886	-	-	9,886	3,808	425,711	-	429,519
Payroll deductions and withholdings	-	-	-	-	-	38,280	70,126	108,406
Payable to student groups	-	-	-	-	53,350	-	-	53,350
Intrafund payable	-	-	-	-	-	79,376	-	79,376
Interfund payable	-	-	-	-	-	35	3	38
Total liabilities	<u>9,886</u>	<u>-</u>	<u>-</u>	<u>9,886</u>	<u>\$ 57,158</u>	<u>\$ 543,402</u>	<u>\$ 70,129</u>	<u>\$ 670,689</u>
NET POSITION								
Held in trust for unemployment claims and other purposes	672,558	-	40,000	712,558				
Reserved for scholarships	-	3,932	-	3,932				
Total net position	<u>672,558</u>	<u>3,932</u>	<u>40,000</u>	<u>716,490</u>				
Total liabilities and net position	<u>\$ 682,444</u>	<u>\$ 3,932</u>	<u>\$ 40,000</u>	<u>\$ 726,376</u>				

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trusts
ADDITIONS				
Contributions:				
Plan member	\$ 79,376	\$ -	\$ -	\$ 79,376
Other	-	1,650	40,000	41,650
Total Contributions	<u>79,376</u>	<u>1,650</u>	<u>40,000</u>	<u>121,026</u>
Investment earnings:				
Net increase (decrease) in fair value of investments	-	-	-	-
Interest	65	-	4	69
Dividends	-	-	-	-
Less investment expense	-	-	-	-
Net investment earnings	<u>65</u>	<u>-</u>	<u>4</u>	<u>69</u>
Total additions	<u>79,441</u>	<u>1,650</u>	<u>40,004</u>	<u>121,095</u>
DEDUCTIONS				
Quarterly contribution reports	-	-	-	-
Unemployment claims	115,114	-	-	115,114
Scholarships awarded	-	1,601	-	1,601
Refunds of contributions	-	-	40,013	40,013
Administrative expenses	1,491	-	-	1,491
Total deductions	<u>116,605</u>	<u>1,601</u>	<u>40,013</u>	<u>158,219</u>
Change in net position	(37,164)	49	(9)	(37,124)
Net position—beginning of the year	<u>709,722</u>	<u>3,883</u>	<u>40,009</u>	<u>753,614</u>
Net position—end of the year	<u>\$ 672,558</u>	<u>\$ 3,932</u>	<u>\$ 40,000</u>	<u>\$ 716,490</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Pine Brook School	\$ 239	\$ -	\$ -	\$ 239
Manalapan-Englishtown Middle School	27,507	3,483	3,808	27,182
Odyssey of the Mind Fundraising	887	-	-	887
Wemrock Brook School	1,002	1	-	1,003
General - unallocated	27,830	1,456	1,439	27,847
Total all schools	<u>\$ 57,465</u>	<u>\$ 4,940</u>	<u>\$ 5,247</u>	<u>\$ 57,158</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Payroll Agency Fund
Schedule of receipts and disbursements
For the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Payroll deductions and withholdings	\$ 96,603	\$ 25,213,248	\$ 25,201,445	\$ 108,406
Accounts payable	426,902	425,711	426,902	425,711
Intrafund accounts payable	79,650	79,376	79,650	79,376
Interfund accounts payable	<u>32</u>	<u>75</u>	<u>69</u>	<u>38</u>
 Total	 <u>\$ 603,187</u>	 <u>\$ 25,718,410</u>	 <u>\$ 25,708,066</u>	 <u>\$ 613,531</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS PAYABLE
AS OF JUNE 30, 2016**

Issue	Date of Issue	Amount of Issue	Date	Amount	Interest Rate	July 1, 2015	Issued	Retired	Balance June 30, 2016
School District Bonds	10/15/2004	\$ 18,995,000	12/01/16	1,315,000	5.500%	10,580,000	-	1,310,000	9,270,000
			12/01/17	1,315,000	5.500%				
			12/01/18	1,320,000	5.500%				
			12/01/19	1,320,000	5.750%				
			12/01/20	1,325,000	5.750%				
			12/01/21	1,335,000	5.750%				
			12/01/22	1,340,000	5.750%				
			School District Bonds	10/1/2006	\$ 9,695,000				
10/01/17	25,000	4.000%							
10/01/18	30,000	4.000%							
10/01/19	30,000	4.000%							
10/01/20	30,000	4.000%							
10/01/21	30,000	4.000%							
10/01/22	35,000	4.000%							
10/01/23	35,000	4.000%							
10/01/24	1,705,000	4.000%							
10/1/2025-2028	7,555,000	4.000%							
School District Bonds	1/5/2007	\$ 9,795,000	10/01/16	30,000	4.000%	9,585,000	-	30,000	9,555,000
			10/01/17	35,000	4.000%				
			10/01/18	35,000	4.000%				
			10/01/19	35,000	4.000%				
			10/01/20	35,000	4.000%				
			10/01/21	40,000	4.000%				
			10/01/22	40,000	4.000%				
			10/01/23	40,000	4.000%				
			10/01/24	1,710,000	4.000%				
			10/1/2025-2028	7,555,000	4.000%				
School District Bonds	1/31/2012	\$ 12,840,000	10/01/16	850,000	3.000%	12,165,000	-	760,000	11,405,000
			10/01/17	955,000	4.000%				
			10/01/18	1,065,000	4.000%				
			10/01/19	1,175,000	4.000%				
			10/01/20	1,295,000	4.000%				
			10/01/21	1,420,000	4.500%				
			10/01/22	1,555,000	4.000%				
			10/01/23	3,090,000	4.000%				
						<u>\$ 41,855,000</u>	<u>\$ -</u>	<u>\$ 2,125,000</u>	<u>\$ 39,730,000</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2016**

	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2015	Additions Current Year	Retired Current Year	Balance June 30, 2016
6 - 54 Passenger Buses	1.18%	\$ 571,815	\$ 230,039	\$ -	\$ 114,347	\$ 115,692
5 - 54 Passenger Buses	2.15%	478,384	416,384	-	48,265	368,119
Roof lease purchase	1.84%	1,000,000	405,862	-	201,999	203,863
2 - 24 Passenger Buses	2.40%	98,320	58,971	-	19,190	39,781
			<u>\$ 1,111,256</u>	<u>\$ -</u>	<u>\$ 383,801</u>	<u>\$ 727,455</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 3,457,532	\$ -	\$ 3,457,532	\$ 3,457,532	\$ -
Miscellaneous	-	-	-	-	-
Total revenues - local sources	<u>3,457,532</u>	<u>-</u>	<u>3,457,532</u>	<u>3,457,532</u>	<u>-</u>
State sources:					
Debt service aid type II	469,073	-	469,073	469,073	-
Total state sources	<u>469,073</u>	<u>-</u>	<u>469,073</u>	<u>469,073</u>	<u>-</u>
TOTAL REVENUES	<u>3,926,605</u>	<u>-</u>	<u>3,926,605</u>	<u>3,926,605</u>	<u>-</u>
EXPENDITURES					
Regular debt service:					
Interest	1,801,632	-	1,801,632	1,801,631	1
Redemption of principal	2,125,000	-	2,125,000	2,125,000	-
Total regular debt service	<u>3,926,632</u>	<u>-</u>	<u>3,926,632</u>	<u>3,926,631</u>	<u>1</u>
TOTAL EXPENDITURES	<u>3,926,632</u>	<u>-</u>	<u>3,926,632</u>	<u>3,926,631</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(27)	-	(27)	(26)	1
OTHER FINANCING SOURCES (USES):					
Operating transfers in:					
Transfer from Capital Projects Fund	-	-	-	-	-
Interest Earned in Capital Projects Fund	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(27)	-	(27)	(26)	1
FUND BALANCES, July 1	<u>27</u>	<u>-</u>	<u>27</u>	<u>53,070</u>	<u>53,043</u>
FUND BALANCES, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,044</u>	<u>\$ 53,044</u>

STATISTICAL SECTION

**Manalapan-Englishtown Regional School District
Statistical Section**

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	88-93
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	94-97
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	98-101
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.	102-103
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.	104-109

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.*

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

(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 35,315,385	\$ 41,543,203	\$ 45,563,523	\$ 47,152,557	\$ 48,214,716	\$ 49,305,234	\$ 53,704,479	\$ 43,331,202	\$ 54,812,614	\$ 54,992,019
Restricted	15,317,812	8,589,571	8,714,054	6,876,066	8,644,609	11,796,996	10,421,869	10,386,596	10,132,234	11,886,877
Unrestricted	(15,561)	2,498,313	(1,114,974)	(856,048)	(2,140,375)	(1,271,895)	(3,581,192)	8,023,356	(35,281,898)	(35,923,798)
Total governmental activities net position	\$ 50,617,636	\$ 52,631,087	\$ 53,162,603	\$ 53,172,575	\$ 54,718,950	\$ 59,830,335	\$ 60,545,156	\$ 61,741,154	\$ 29,662,950	\$ 30,955,098
Business-type activities										
Invested in capital assets, net of related debt	\$ 413,474	\$ 406,439	\$ 397,870	\$ 400,723	\$ 371,425	\$ 334,772	\$ 298,636	\$ 254,423	\$ 224,458	\$ 229,272
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	243,277	233,029	214,593	202,477	235,200	199,665	206,912	329,089	429,382	532,804
Total business-type activities net position	\$ 656,751	\$ 639,468	\$ 612,463	\$ 603,200	\$ 606,625	\$ 534,437	\$ 505,548	\$ 583,512	\$ 653,840	\$ 762,076
District-wide										
Invested in capital assets, net of related debt	\$ 35,728,859	\$ 41,949,642	\$ 45,961,393	\$ 47,553,280	\$ 48,586,141	\$ 49,640,006	\$ 54,003,115	\$ 43,585,625	\$ 55,037,072	\$ 55,221,291
Restricted	15,317,812	8,589,571	8,714,054	6,876,066	8,644,609	11,796,996	10,421,869	10,386,596	10,132,234	11,886,877
Unrestricted	227,716	2,731,342	(900,381)	(653,571)	(1,905,175)	(1,072,230)	(3,374,280)	8,352,445	(34,852,516)	(35,390,994)
Total district net position	\$ 51,274,387	\$ 53,270,555	\$ 53,775,066	\$ 53,775,775	\$ 55,325,575	\$ 60,364,772	\$ 61,050,704	\$ 62,324,666	\$ 30,316,790	\$ 31,717,174

Source: CAFR Schedule A-1

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 28,994,649	\$ 31,171,381	\$ 33,506,644	\$ 33,846,747	\$ 33,965,643	\$ 34,006,902	\$ 37,532,659	\$ 35,386,200	\$ 38,746,639	\$ 39,067,252
Special education	10,647,262	9,922,314	10,682,191	11,389,023	11,552,809	12,262,955	12,948,934	12,808,903	12,047,689	12,906,420
Other instruction	2,242,841	2,641,438	2,655,615	2,838,026	2,679,122	2,612,694	2,868,775	2,927,826	3,263,657	3,489,231
Nonpublic school programs	343,008	93,242	84,267	43,278	19,443	27,951	1,163	7,610	6,452	11,599
Support Services:										
Tuition	-	1,888,440	2,050,142	1,906,419	1,776,313	1,278,061	778,637	851,059	865,841	1,155,728
Student & instruction related services	7,193,342	7,779,382	6,845,377	7,128,059	6,291,708	7,303,248	7,114,304	7,357,737	7,590,149	7,829,552
General and Business administrative services	2,787,010	2,732,552	2,044,524	2,718,555	2,558,380	2,496,830	2,873,262	2,644,108	2,703,274	2,965,907
School administrative services	3,489,906	3,786,233	2,897,738	2,903,631	2,771,894	2,849,889	2,891,820	3,061,874	3,169,779	3,295,333
Plant operations and maintenance	8,136,749	8,902,229	7,973,821	8,451,271	7,355,550	7,975,529	7,939,864	9,433,435	8,662,640	8,142,265
Pupil transportation	5,751,596	5,921,455	5,778,039	5,442,491	5,723,635	5,754,887	6,540,131	7,133,698	7,207,730	6,971,802
Charter Schools	-	-	-	-	-	-	-	-	100,090	91,255
Interest on long-term debt	3,033,991	2,624,909	2,608,523	2,428,292	3,054,333	1,247,365	2,289,266	1,907,067	1,498,596	1,431,044
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	72,620,354	77,463,575	77,126,881	79,095,792	77,748,830	77,816,311	83,778,815	83,519,517	85,862,536	87,357,388
Business-type activities:										
Food service	1,545,177	1,650,433	1,709,349	1,856,888	1,851,344	1,978,515	2,012,408	1,994,809	1,945,349	1,972,328
Total business-type activities expense	1,545,177	1,650,433	1,709,349	1,856,888	1,851,344	1,978,515	2,012,408	1,994,809	1,945,349	1,972,328
Total district expenses	\$ 74,165,531	\$ 79,114,008	\$ 78,836,230	\$ 80,952,680	\$ 79,600,174	\$ 79,794,826	\$ 85,791,223	\$ 85,514,326	\$ 87,807,885	\$ 89,329,716
Program Revenues										
Governmental activities:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	15,045,299	10,162,308	6,402,574	6,716,398	6,796,854	7,130,823	8,444,545	7,511,687	7,699,434	8,234,480
Capital grants and contributions	7,837,956	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	22,883,255	10,162,308	6,402,574	6,716,398	6,796,854	7,130,823	8,444,545	7,511,687	7,699,434	8,234,480

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services										
Food service	1,265,852	1,362,815	1,391,715	1,492,831	1,494,172	1,519,902	1,548,527	1,624,960	1,576,958	1,613,078
Operating grants and contributions	243,476	270,335	290,629	354,794	360,597	386,425	434,992	447,780	438,677	467,434
Total business type activities program revenues	1,509,328	1,633,150	1,682,344	1,847,625	1,854,769	1,906,327	1,983,519	2,072,740	2,015,635	2,080,512
Total district program revenues	\$ 24,392,583	\$ 11,795,458	\$ 8,084,918	\$ 8,564,023	\$ 8,651,623	\$ 9,037,150	\$ 10,428,064	\$ 9,584,427	\$ 9,715,069	\$ 10,314,992
Net (Expense)/Revenue										
Governmental activities	\$ (49,737,099)	\$ (67,301,267)	\$ (70,724,307)	\$ (72,379,394)	\$ (70,951,976)	\$ (70,685,488)	\$ (75,334,270)	\$ (76,007,830)	\$ (78,163,102)	\$ (79,122,908)
Business-type activities	(35,849)	(17,283)	(27,005)	(9,263)	3,425	(72,188)	(28,889)	77,931	70,286	108,184
Total district-wide net expense	\$ (49,772,948)	\$ (67,318,550)	\$ (70,751,312)	\$ (72,388,657)	\$ (70,948,551)	\$ (70,757,676)	\$ (75,363,159)	\$ (75,929,899)	\$ (78,092,816)	\$ (79,014,724)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 41,439,169	\$ 45,271,265	\$ 46,624,684	\$ 48,175,874	\$ 49,550,724	\$ 50,541,738	\$ 51,552,572	\$ 52,583,623	\$ 54,942,228	\$ 56,603,915
Taxes levied for debt service	4,432,464	4,654,157	3,086,701	3,416,908	3,500,861	3,504,357	3,386,723	3,454,447	3,451,646	3,457,532
Unrestricted grants and contributions	12,715,639	18,651,092	20,881,811	20,633,679	19,140,955	20,954,349	20,489,664	20,511,322	19,876,153	19,767,029
Tuition received	16,304	6,722	2,101	618	-	28,529	215,398	384,137	25,194	22,326
Investment earnings	893,960	337,246	183,020	8,984	5,380	4,769	2,419	2,310	1,973	3,055
Miscellaneous income	253,738	393,236	477,505	210,878	300,431	763,131	402,316	268,022	377,281	561,251
Total governmental activities	59,751,274	69,313,718	71,255,822	72,446,941	72,498,351	75,796,873	76,049,092	77,203,861	78,674,475	80,415,108
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 59,751,274	\$ 69,313,718	\$ 71,255,822	\$ 72,446,941	\$ 72,498,351	\$ 75,796,873	\$ 76,049,092	\$ 77,203,861	\$ 78,674,475	\$ 80,415,108
Change in Net Position										
Governmental activities	\$ 10,014,175	\$ 2,012,451	\$ 531,515	\$ 67,547	\$ 1,546,375	\$ 5,111,385	\$ 714,822	\$ 1,196,031	\$ 511,373	\$ 1,292,200
Business-type activities	(35,849)	(17,283)	(27,005)	(9,263)	3,425	(72,188)	(28,889)	77,931	70,286	108,184
Total district	\$ 9,978,326	\$ 1,995,168	\$ 504,510	\$ 58,284	\$ 1,549,800	\$ 5,039,197	\$ 685,933	\$ 1,273,962	\$ 581,659	\$ 1,400,384

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,988,901	\$ 1,741,564	\$ 5,049,103	\$ 5,074,406	\$ 6,244,982	\$ 9,914,147	\$ 10,301,335	\$ 10,266,327	\$ 10,079,164	\$ 11,833,833
Unreserved	1,391,837	1,579,787	(424,907)	(563,211)	(91,073)	(35,804)	(260,329)	(201,884)	(218,997)	167,884
Total general fund	<u>\$ 3,380,738</u>	<u>\$ 3,321,351</u>	<u>\$ 4,624,196</u>	<u>\$ 4,511,195</u>	<u>\$ 6,153,909</u>	<u>\$ 9,878,343</u>	<u>\$ 10,041,006</u>	<u>\$ 10,064,443</u>	<u>\$ 9,860,167</u>	<u>\$ 12,001,717</u>
All Other Governmental Funds										
Reserved	\$ 12,087,709	\$ -	\$ 5,627,141	\$ 3,820,098	\$ 2,397,817	\$ 1,844,302	\$ 120,193	\$ 120,193	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	7,429,795	-	-	-	-	-	-	-	-
Debt service fund	327,758	173,382	(99,842)	426	1,810	38,547	341	76	53,070	53,044
Total all other governmental funds	<u>\$ 12,415,467</u>	<u>\$ 7,603,177</u>	<u>\$ 5,527,299</u>	<u>\$ 3,820,524</u>	<u>\$ 2,399,627</u>	<u>\$ 1,882,849</u>	<u>\$ 120,534</u>	<u>\$ 120,269</u>	<u>\$ 53,070</u>	<u>\$ 53,044</u>

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

Fiscal Year Ended June 30,

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 45,871,633	\$ 49,925,422	\$ 49,711,385	\$ 51,592,782	\$ 53,051,585	\$ 54,046,095	\$ 54,939,295	\$ 56,038,070	\$ 58,393,874	\$ 60,061,447
Tuition charges	16,305	6,722	2,101	618	-	28,529	215,398	384,137	25,194	22,326
Interest earnings	893,960	337,246	183,020	8,984	5,380	4,769	2,419	2,277	1,931	3,003
Miscellaneous	265,865	393,236	497,002	241,804	296,182	527,720	487,419	372,775	367,381	527,938
State sources	33,926,997	26,851,458	25,479,664	22,454,877	23,711,740	25,547,795	27,211,235	26,283,087	26,102,953	26,337,845
Federal sources	1,595,967	1,997,503	1,785,224	4,864,274	2,206,537	2,317,732	1,576,166	1,585,962	1,472,634	1,663,664
Total revenue	82,570,727	79,511,587	77,658,396	79,163,339	79,271,424	82,472,640	84,431,932	84,666,308	86,383,967	88,616,223
Expenditures										
Instruction										
Regular Instruction	27,479,320	30,064,503	31,798,853	24,832,870	23,784,432	23,947,743	25,451,372	25,555,459	26,906,059	26,245,090
Special education instruction	10,521,685	9,816,932	10,558,365	8,894,859	8,951,764	9,595,241	10,100,122	9,942,662	9,014,473	9,489,536
Other instruction	2,234,484	2,641,438	2,655,615	2,200,042	2,011,394	1,926,260	2,129,293	2,187,052	2,476,876	2,597,128
Nonpublic school programs	341,912	93,242	84,267	43,276	19,443	27,951	1,163	7,610	6,452	11,599
Support Services:										
Student & instruction related services	7,039,216	9,508,313	8,725,739	8,834,805	7,871,127	8,383,459	7,715,145	7,999,564	8,349,238	8,781,944
General administrative services	841,606	1,046,952	760,764	1,385,295	1,193,952	1,083,987	1,238,646	1,057,947	1,128,898	1,259,453
School Administrative services	3,464,307	3,769,498	2,880,785	2,883,934	2,752,470	2,832,183	2,874,384	3,042,105	3,150,236	3,276,121
Business administrative services	1,803,465	1,685,600	1,283,760	1,333,260	1,362,928	1,411,343	1,633,116	1,584,661	1,572,876	1,704,954
Plant operations and maintenance	8,080,781	8,788,456	7,945,281	8,017,578	7,404,814	7,184,989	7,487,507	8,627,838	7,916,526	7,560,116
Pupil transportation	5,469,811	5,449,955	5,514,689	5,589,827	5,728,581	5,730,278	6,366,826	6,918,548	6,995,038	6,762,715
Unallocated employee benefits	-	-	-	10,633,068	11,128,801	11,440,563	12,324,707	12,346,233	13,047,464	13,968,989
Capital outlay	15,034,457	6,116,652	3,722,024	2,267,640	2,906,548	2,692,389	5,390,179	1,509,705	2,607,956	890,423
Debt service:										
Principal	21,755,000	3,580,000	1,630,000	1,695,000	1,750,000	15,295,000	1,915,000	2,015,000	2,065,000	2,125,000
Interest and other charges	2,880,600	2,624,909	2,439,462	2,371,662	2,300,949	2,008,653	2,032,428	1,947,072	1,876,734	1,801,631
Total expenditures	106,946,644	85,186,450	79,999,603	80,983,118	79,167,203	93,560,039	86,659,888	84,741,456	87,113,826	86,474,699
Excess (Deficiency) of revenues over (under) expenditures	(24,375,917)	(5,674,863)	(2,341,207)	(1,819,779)	104,221	(11,087,399)	(2,227,956)	(75,148)	(749,859)	2,141,524
Other Financing sources (uses)										
Capital leases (non-budgeted)	331,400	803,186	683,895	-	117,599	1,000,000	571,815	98,320	478,384	-
Bond proceeds	18,395,000	-	-	-	-	12,840,000	-	-	-	-
Bond premium	-	-	-	-	-	1,719,176	56,489	-	-	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Prepaid interest	-	-	-	-	-	(1,118,119)	-	-	-	-
Costs of issuance	-	-	-	-	-	(146,002)	-	-	-	-
Transfers in	818,634	29,277	945,160	100,266	1,382	244	2,046,045	27	53,042	-
Transfers out	(818,634)	(29,277)	(60,881)	(100,266)	(1,382)	(244)	(2,046,045)	(27)	(53,042)	-
Total other financing sources (uses)	18,726,400	803,186	1,568,174	-	117,599	14,295,055	628,304	98,320	478,384	-
Net change in fund balances	\$ (5,649,517)	\$ (4,871,677)	\$ (773,033)	\$ (1,819,779)	\$ 221,820	\$ 3,207,656	\$ (1,599,652)	\$ 23,172	\$ (271,475)	\$ 2,141,524
Debt service as a percentage of noncapital expenditures	26.8%	7.8%	5.3%	5.2%	5.3%	19.0%	4.9%	4.8%	4.7%	4.6%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2007	351,326	16,305	10,578	166,689	544,898
2008	307,969	6,722	16,223	355,998	686,912
2009	116,351	2,101	16,610	477,505	612,567
2010	173	618	6,560	204,318	211,669
2011	2,350	-	28,095	248,555	279,000
2012	3,808	28,529	29,918	278,157	340,412
2013	1,238	215,398	25,145	371,955	613,736
2014	1,360	384,137	25,145	193,670	604,312
2015	1,375	25,194	25,145	271,236	322,950
2016	1,443	22,326	25,145	360,015	408,929

Source: District records

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

MANALAPAN TOWNSHIP

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Req.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	200,229,100	5,485,094,000	36,588,500	2,296,200	402,831,900	24,603,500	-	6,151,643,200	-	5,707,918	6,157,351,118	1.674	5,837,550,667
2008	200,478,700	5,658,484,200	36,779,500	2,315,700	403,109,300	24,603,500	-	6,325,770,900	-	6,259,661	6,332,030,561	0.747	6,267,559,710
2009	160,219,400	5,732,755,580	36,725,860	2,314,400	425,667,160	24,603,500	-	6,382,285,900	-	7,636,903	6,389,922,803	0.776	6,480,948,402
2010	102,803,800	5,111,385,600	32,933,960	2,338,000	377,965,540	24,667,000	-	5,652,093,900	-	9,382,496	5,661,476,396	1.684	6,542,677,046
2011	102,803,800	5,111,395,600	32,933,900	2,253,000	380,040,400	22,667,200	-	5,652,093,900	-	9,382,496	5,661,476,396	1.888	6,281,820,516
2012	84,044,500	5,183,906,700	32,780,800	2,354,500	393,960,900	22,667,200	-	5,719,714,600	-	9,382,496	5,729,097,096	1.961	5,746,321,400
2013	58,673,900	5,299,331,500	31,538,900	2,316,400	378,911,200	20,269,600	-	5,791,041,500	-	9,382,496	5,800,423,996	1.995	6,109,982,591
2014	47,846,600	5,359,086,600	32,130,400	2,269,200	380,616,076	20,269,600	-	5,842,218,476	-	-	5,842,218,476	2.044	6,109,982,591
2015	47,846,600	5,393,486,200	32,130,400	2,269,200	380,616,076	20,269,600	-	5,876,618,076	-	-	5,876,618,076	1.990	6,109,982,591
2016	34,938,600	5,786,849,660	33,999,000	1,956,900	423,168,000	20,454,000	-	6,301,366,160	-	-	6,301,366,160	1.969	6,109,982,591

ENGLISHTOWN TOWNSHIP

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Req.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	1,454,000	80,771,800	-	-	14,729,700	2,975,900	743,200	100,674,600	-	1,170,831	101,845,431	1.789	218,018,531
2008	3,353,400	198,638,400	-	-	42,425,900	10,229,600	1,262,100	256,109,400	-	3,772,717	259,882,117	1.927	238,835,137
2009	3,978,000	198,110,000	-	-	42,080,100	9,879,300	1,262,100	255,309,500	-	5,904,759	261,214,259	0.758	246,645,548
2010	3,892,300	198,206,200	-	-	42,019,600	9,879,300	1,262,100	255,259,500	-	4,454,063	259,713,563	1.669	250,643,293
2011	3,788,700	198,279,700	-	-	39,134,100	9,879,300	1,262,100	252,343,900	-	4,454,063	256,797,963	1.775	242,547,058
2012	2,384,300	201,896,900	-	-	35,742,000	8,963,900	1,262,100	249,869,200	-	4,454,063	249,869,200	1.788	233,987,214
2013	3,274,100	206,535,000	-	-	35,332,500	7,617,200	1,262,100	254,020,900	-	4,454,063	258,474,963	1.909	221,639,386
2014	3,274,100	206,535,000	-	-	35,332,500	7,617,200	1,262,100	254,020,900	-	-	254,020,900	1.969	221,639,386
2015	1,654,800	183,619,000	-	-	34,989,900	6,358,900	1,328,100	227,950,700	-	-	227,950,700	2.114	221,639,386
2016	1,576,900	183,420,400	-	-	35,820,000	6,452,500	13,268,100	240,537,900	-	-	240,537,900	2.114	221,639,386

Source: District records Tax list summary & Municipal Tax Assessor

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

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

Fiscal Year Ended June 30,	Manalapan-Englishtown Board of Education			Manalapan Township				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Freehold Regional School District	Overlapping Rates			
					Manalapan Township	Library/Other	Monmouth County	
2007	0.675	0.072	0.747	0.363	0.268	0.014	0.252	1.644
2008	0.700	0.076	0.776	0.360	0.284	0.014	0.230	1.664
2009	0.700	0.076	0.776	0.364	0.295	0.014	0.235	1.684
2010	0.753	0.076	0.829	0.432	0.332	0.016	0.279	1.888
2011	0.849	0.060	0.909	0.421	0.332	0.020	0.279	1.961
2012	0.849	0.063	0.912	0.420	0.339	0.017	0.282	1.970
2013	0.862	0.063	0.925	0.425	0.345	0.018	0.282	1.995
2014	0.882	0.063	0.945	0.436	0.352	0.019	0.292	2.044
2015	0.869	0.063	0.932	0.420	0.341	0.018	0.279	1.990
2016	0.870	0.063	0.933	0.414	0.338	0.018	0.266	1.969

Fiscal Year Ended June 30,	Manalapan-Englishtown Board of Education			Englishtown Borough				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Freehold Regional School District	Overlapping Rates			
					Englishtown Borough	Library/Other	Monmouth County	
2007	1.741	0.186	1.927	0.646	0.785	0.031	0.586	3.975
2008	0.687	0.071	0.758	0.268	0.328	0.012	0.225	1.591
2009	0.707	0.045	0.752	0.303	0.365	0.013	0.236	1.669
2010	0.784	0.024	0.808	0.318	0.385	0.013	0.251	1.775
2011	0.785	0.054	0.839	0.299	0.405	0.013	0.232	1.788
2012	0.729	0.049	0.778	0.393	0.462	0.014	0.262	1.909
2013	0.729	0.057	0.786	0.404	0.498	0.002	0.265	1.955
2014	0.755	0.057	0.812	0.372	0.558	0.002	0.253	1.997
2015	0.816	0.057	0.873	0.373	0.591	0.001	0.276	2.114
2016	0.816	0.057	0.913	0.380	0.621	0.212	0.266	2.392

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

- 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.

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

MANALAPAN TOWNSHIP

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Manalapan Realty	\$ 43,909,100	1	0.72%	\$ 26,921,600	1	0.44%
Manalapan VF	29,989,700	2	0.49%	11,793,000	3	0.19%
Towne Point Associates	12,127,000	3	0.20%	8,082,300	4	0.13%
Trans Equity Realty, LLC	10,082,400	4	0.16%	4,450,000	7	0.07%
Taylor 9 South Associates, LLC	8,102,300	5	0.13%			
Lenine, LLC	7,257,300	8	0.12%	3,850,000	10	0.06%
Pension Road Realty	6,632,000	6	0.11%			
Monmouth Investors	6,174,000	7	0.10%			
Benbrooke Galleria C/O Pretium Mgmt	6,202,300	9	0.10%			
HCRI NY-NJ Properties LLC	4,309,400	10	0.07%			
K.Hovnanian at Manalapan II				13,320,200	2	0.22%
198 & 200 Manalapan, LLC				6,600,000	5	0.11%
Battleground d/b/a Fairways				4,176,200	8	0.07%
Westmon Corp.				4,737,500	6	0.08%
Knob Hill Golf Course, Inc.				3,947,400	9	0.06%
Total	<u>\$ 134,785,500</u>		<u>2.20%</u>	<u>\$ 87,878,200</u>		<u>1.43%</u>

ENGLISHTOWN BOROUGH

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Stamford Square LLC	12,271,500	1	0.20%			
BAL Governor's Crossing LLC	4,450,000	2	0.07%	5,000,000	1	4.91%
AMBE	3,096,800	3	0.05%			
Wemacs, LLC	2,232,800	4	0.04%	628,000	7	0.62%
Brooklawn Gardens, Inc.	2,021,800	5	0.03%	955,100	6	0.94%
DCD LLC	1,987,000	6	0.03%			
Five South Main St LLC	1,943,600	7	0.03%			
Village Center Associates LLC	1,150,600	8	0.02%	1,144,600	5	1.12%
Moskowitz, K Trust & Berger V	943,000	9	0.02%	524,400	10	0.51%
Conforth, Michael & Kathleen	880,500	10	0.01%			
BTR Englishtown, LLC				2,796,100	2	2.75%
K&K Englishtown, Inc.				550,000	8	0.54%
Individual Taxpayer #1				1,219,200	4	1.20%
Verizon New Jersey				1,470,831	3	1.44%
Degiacomo Realty LLC				533,000	9	0.52%
Total	<u>\$ 30,977,600</u>		<u>0.51%</u>	<u>\$ 14,821,231</u>		<u>14.55%</u>

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

MANALAPAN TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	95,442,237	94,037,409	98.53%	-
2007	105,569,145	103,781,032	98.31%	-
2008	111,238,139	109,196,505	98.16%	-
2009	111,863,760	110,272,757	98.58%	-
2010	115,530,685	113,968,838	98.65%	-
2011	116,561,281	115,264,663	98.89%	-
2012	118,422,656	117,170,981	98.94%	-
2013	121,065,199	118,960,751	98.26%	-
2014	124,737,609	123,464,749	98.98%	-
2015	127,567,302	126,509,641	99.17%	-

ENGLISHTOWN BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	1,757,710	1,757,710	100.00%	-
2008	1,780,484	1,780,484	100.00%	-
2009	1,983,899	1,983,899	100.00%	-
2010	1,976,369	1,976,369	100.00%	-
2011	2,106,903	2,106,903	100.00%	-
2012	2,179,739	2,179,739	100.00%	-
2013	1,952,186	1,952,186	100.00%	-
2014	2,005,425	2,005,425	100.00%	-
2015	2,035,309	2,035,309	100.00%	-
2016	2,101,730	2,101,730	100.00%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	58,960,000	-	487,106	-	-	59,447,106	0.08%	45,201	
2008	55,380,000	-	809,476	-	-	56,189,476	0.09%	51,455	
2009	53,750,000	-	1,087,289	-	-	54,837,289	0.10%	54,801	
2010	52,055,000	-	691,982	-	-	52,746,982	0.11%	56,755	
2011	50,305,000	-	478,959	-	-	50,783,959	0.11%	54,771	
2012	47,850,000	-	1,181,435	-	-	49,031,435	0.12%	56,955	
2013	45,935,000	-	1,258,930	-	-	47,193,930	0.12%	58,355	
2014	43,920,000	-	1,026,782	-	-	44,946,782	0.14%	61,426	
2015	41,855,000	-	1,111,256	-	-	42,966,256	0.15%	62,901	
2016	39,730,000	-	727,455	-	-	40,457,455	0.16%	66,019	

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

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

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2006	61,225,000	-	61,225,000	0.98%	44,599
2007	58,960,000	-	58,960,000	0.89%	45,201
2008	55,380,000	-	55,380,000	0.83%	51,455
2009	53,750,000	-	53,750,000	0.91%	54,801
2010	52,055,000	-	52,055,000	0.88%	54,771
2011	50,305,000	-	50,305,000	0.84%	54,771
2012	47,850,000	-	47,850,000	0.79%	58,355
2013	45,935,000	-	45,935,000	0.75%	61,426
2014	43,920,000	-	43,920,000	0.72%	61,426
2015	41,855,000	-	41,855,000	0.68%	62,901
2016	39,730,000	-	39,730,000	0.61%	66,019

Note:

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

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

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

**Manalapan-Englishtown Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Manalapan Township	\$ 19,547,516	100.0000%	\$ 19,547,516
Englishtown Borough	1,115,000	100.0000%	1,115,000
Other debt			
Western Monmouth Utility Authority	9,662,407	50.2976%	4,859,959
Freehold Regional High School:			-
Manalapan Township	19,300,000	19.70583%	3,803,225
Englishtown Borough	19,300,000	0.69501%	134,138
Monmouth County:			
Manalapan Township	437,190,697	5.5600%	24,307,804
Englishtown Borough	437,190,697	0.2000%	874,381
Subtotal, overlapping debt			54,642,023
Manalapan-Englishtown School District Direct Debt			39,730,000
Total direct and overlapping debt			<u>\$ 94,372,023</u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Marlboro. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2015	\$ 6,385,559,229
2014	6,234,359,701
2013	6,109,982,591
[A]	<u>\$ 18,729,901,521</u>
Average equalized valuation of taxable property	
[A/3]	\$ 6,243,300,507
Debt limit (3% of average equalization value)	
[B]	187,299,015 ^a
Net bonded school debt	
[C]	<u>38,009,691</u>
Legal debt margin	
[B-C]	<u>\$ 149,289,324</u>

Fiscal Year for Manalapan Township

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 146,527,033	\$ 171,620,206	\$ 185,860,588	\$ 192,081,122	\$ 193,054,460	\$ 185,708,190	\$ 181,381,245	\$ 179,662,866	\$ 184,518,826	\$ 187,299,015
Total net debt applicable to limit	<u>87,958,491</u>	<u>52,982,046</u>	<u>51,422,625</u>	<u>49,801,019</u>	<u>48,126,794</u>	<u>45,778,095</u>	<u>43,946,015</u>	<u>42,018,264</u>	<u>40,042,679</u>	<u>38,009,691</u>
Legal debt margin	<u>\$ 58,568,542</u>	<u>\$ 118,638,160</u>	<u>\$ 134,437,963</u>	<u>\$ 142,280,103</u>	<u>\$ 144,927,666</u>	<u>\$ 139,930,095</u>	<u>\$ 137,435,230</u>	<u>\$ 137,644,602</u>	<u>\$ 144,476,147</u>	<u>\$ 149,289,324</u>
Total net debt applicable to the limit as a percentage of debt limit	60.03%	30.87%	27.67%	25.93%	24.93%	24.65%	24.23%	23.39%	21.70%	20.29%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2015	\$ 232,973,581
2014	223,236,967
2013	221,639,386
[A]	<u>\$ 677,849,934</u>
Average equalized valuation of taxable property	
[A/3]	\$ 225,949,978
Debt limit (3% of average equalization value)	
[B]	6,778,499 ^a
Net bonded school debt	
[C]	<u>1,720,309</u>
Legal debt margin	
[B-C]	<u>\$ 5,058,190</u>

Fiscal Year for Englishtown Borough

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015
Debt limit	\$ 5,078,616	\$ 6,462,418	\$ 7,034,992	\$ 7,364,512	\$ 7,398,359	\$ 7,271,776	\$ 6,981,737	\$ 6,772,660	\$ 6,702,030	\$ 6,778,499
Total net debt applicable to limit	<u>2,608,871</u>	<u>2,397,954</u>	<u>2,327,375</u>	<u>2,253,982</u>	<u>2,178,207</u>	<u>2,071,905</u>	<u>1,988,986</u>	<u>1,901,736</u>	<u>1,812,322</u>	<u>1,720,309</u>
Legal debt margin	<u>\$ 2,469,745</u>	<u>\$ 4,064,464</u>	<u>\$ 4,707,617</u>	<u>\$ 5,110,530</u>	<u>\$ 5,220,152</u>	<u>\$ 5,199,871</u>	<u>\$ 4,992,751</u>	<u>\$ 4,870,924</u>	<u>\$ 4,889,708</u>	<u>\$ 5,058,190</u>
Total net debt applicable to the limit as a percentage of debt limit	51.37%	37.11%	33.08%	30.61%	29.44%	28.49%	28.49%	28.08%	27.04%	25.38%

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

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

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

MANALAPAN TOWNSHIP

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2007	38,591	1,975,131,600	54,286	3.5%
2008	39,063	2,071,718,441	57,028	3.2%
2009	38,956	2,004,480,980	51,455	4.2%
2010	39,390	2,158,611,390	54,801	7.8%
2011	38,872	2,129,058,312	54,771	7.8%
2012	38,872	2,129,058,312	54,771	7.8%
2013	39,229	2,289,208,295	58,355	8.3%
2014	39,851	2,447,887,526	61,426	7.0%
2015	39,987	2,456,241,462	61,426	4.4%
2016	40,169	2,651,917,211	66,019	4.4%

ENGLISHTOWN BOROUGH

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2007	1,893	93,813,970	54,286	3.4%
2008	1,914	96,970,411	57,028	3.1%
2009	1,917	98,639,235	51,455	4.0%
2010	1,916	104,998,716	54,801	6.7%
2011	1,916	104,941,236	54,771	6.8%
2012	1,916	104,941,236	54,771	6.8%
2013	1,909	111,399,695	58,355	7.1%
2014	1,948	119,657,848	61,426	6.4%
2015	1,962	120,517,812	61,426	6.4%
2016	1,955	129,067,145	66,019	5.4%

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

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

Employer	2016			2007		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Manalapan-Englishtown Regional School District	900	1	0.00%	819	1	0.00%
Wegman's Super Market	600	2	0.00%	510	2	0.00%
Manalapan Township	180	3	0.00%	165	6	0.00%
Target	147	4	0.00%			
Navicore Solutions	112	5	0.00%			
Applebee's	65	6	0.00%			
Rex Lumber	57	7	0.00%	80	9	0.00%
Western Monmouth Utilities	55	8	0.00%	59		
Club Metro	50	9	0.00%			
Turning Point	42	10	0.00%			
Schoor DePalma				416	3	0.00%
Best Buy, Inc.				200	4	0.00%
Reiss Manufacturing, Inc.				175	5	0.00%
Hair Systems, Inc.				105	7	0.00%
Pinebrook Care Center				100	8	0.00%
Liberty Manor				60	10	0.00%

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
Regular	339	339	349	256	270	271	273	296	289	291
Special education	105	118	128	163	160	156	166	180	172	172
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	163	154	154	131	133	135	133	84	120	114
General administrative services	21	21	4	3	2	2	2	2	2	2
School administrative services	40	40	40	40	35	42	37	38	39	39
Business administrative services	6	6	6	6	14	16	16	16	17	17
Plant operations and maintenance	66	63	63	62	65	62	96	96	98	101
Pupil transportation	79	75	75	85	86	85	89	91	89	90
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	819	816	819	746	765	769	812	803	826	826

Source: District Personnel Records

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

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2007	5,552	66,001,695	11,888	5.08%	467	13:01	17:01	5,493	5,253	-0.45%	96.30%
2008	5,521	64,169,311	11,623	-2.23%	457	13:01	14:01	5,499	5,266	0.11%	95.80%
2009	5,464	72,208,117	13,215	13.70%	819	13:01	14:01	5,464	5,204	-0.64%	95.20%
2010	5,364	74,648,816	13,917	5.31%	746	13:01	14:01	5,400	5,176	-1.17%	95.90%
2011	5,275	72,209,706	13,689	-1.64%	765	13:01	14:01	5,292	5,047	-2.00%	95.90%
2012	5,161	73,563,998	14,254	4.13%	769	11:01	12:01	5,195	4,980	-1.83%	95.90%
2013	5,136	77,322,281	15,055	5.62%	812	11:01	12:01	5,118	4,906	-1.49%	95.87%
2014	5,090	79,269,679	15,574	3.45%	803	13:01	13:01	5,057	4,849	-1.19%	95.89%
2015	5,116	80,564,136	15,747	1.12%	826	12:01	12:01	5,097	4,889	0.79%	95.92%
2016	5,039	81,657,645	16,205	2.91%	826	12:01	12:01	5,097	4,889	0.00%	95.92%

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

Note: Enrollment based on annual October district count.

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
Early Learning Center										
John I. Dawes Early Learning Center (2008)										
Square Feet	-	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Capacity (students)	-	550	550	550	550	550	550	550	550	550
Enrollment	-	530	530	530	530	530	530	530	530	530
Elementary										
Clark Mills Elementary (1957)										
Square Feet	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551
Capacity (students)	851	851	851	851	851	851	851	851	851	851
Enrollment	813	605	605	605	605	605	605	605	605	605
Taylor Mills Elementary (1965)										
Square Feet	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454
Capacity (students)	521	521	521	521	521	521	521	521	521	521
Enrollment	676	519	519	519	519	519	519	519	519	519
Pine Brook Elementary (1966)										
Square Feet	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260
Capacity (students)	816	816	816	816	816	816	816	816	816	816
Enrollment	814	778	778	778	778	778	778	778	778	778
Lafayette Mills Elementary (1968)										
Square Feet	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230
Capacity (students)	517	517	517	517	517	517	517	517	517	517
Enrollment	495	508	508	508	508	508	508	508	508	508
Milford Brook Elementary (1971)										
Square Feet	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900
Capacity (students)	584	584	584	584	584	584	584	584	584	584
Enrollment	773	604	604	604	604	604	604	604	604	604
Wemrock Brook Elementary (2002)										
Square Feet	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252
Capacity (students)	642	642	642	642	642	642	642	642	642	642
Enrollment	609	631	631	631	631	631	631	631	631	631
Middle School										
Manalapan Englishtown Middle (1992)										
Square Feet	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977
Capacity (students)	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424
Enrollment	1,372	1,346	1,346	1,346	1,346	1,346	1,346	1,346	1,346	1,346
Other										
Administration Building (1909)										
Square Feet	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109
Transportation (2002)										
Square Feet	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760
Bus Repair Facility (2003)										
Square Feet	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Bus Wash Facility (2002)										
Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Fuel Facility (2002)										
Square Feet	-	-	-	-	-	-	-	-	-	-

Number of Schools at June 30, 2016

Early Learning Center = 1
Elementary = 6

Source: District records, ASSA

Middle School = 1
Other = 5

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

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

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

* School Facilities Project # (s)	Clark Mills Elementary N/A	Lafayette Mills Elementary N/A	Manalapan- Englishtown Middle N/A	Milford Brook Elementary N/A	Pine Brook Elementary N/A	Taylor Mills Elementary N/A	Wemrock Brook Elementary N/A	John I. Dawes Early Learning Center N/A	Other Facilities	Total
2007	123,041	156,191	211,823	144,642	150,042	119,792	149,442	-	-	1,054,973
2008	154,123	181,766	244,945	169,653	176,589	141,702	159,259	11,799	-	1,239,836
2009	144,111	123,889	546,608	134,998	163,134	143,921	192,508	82,292	49,706	1,581,167
2010	110,392	94,901	418,714	103,411	124,964	110,246	147,465	63,037	38,076	1,507,756
2011	94,956	81,632	360,167	88,952	107,491	94,831	126,846	54,223	32,752	1,041,851
2012	84,031	72,239	318,727	78,717	95,123	83,920	112,251	47,984	28,984	921,976
2013	110,392	94,901	418,714	103,411	124,964	110,246	147,465	63,037	38,076	1,211,208
2014	117,546	101,052	445,850	110,113	133,063	117,391	157,022	67,123	40,544	1,289,704
2015	82,763	71,149	313,918	77,530	93,688	82,654	110,558	47,260	28,546	908,067
2016	84,014	72,225	318,662	78,701	95,104	83,903	112,228	47,975	28,978	921,789
Total School Facilities	\$ 1,105,369	\$ 1,049,945	\$ 3,598,128	\$ 1,090,128	\$ 1,264,162	\$ 1,088,606	\$ 1,415,045	\$ 484,730	\$ 285,662	\$ 11,678,327

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

Source: District records

**Manalapan-Englishtown Regional School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2016
Unaudited**

Company	Type of Coverage	Coverage	Deductible
COMMERCIAL PACKAGE POLICY			
Utica Mutual Insurance	Property Blanket Building & Contents (Replacement Cost Values)	\$ 252,020,059	\$ 5,000
	Flood	2,515,000	25,000
	Earthquake	3,000,000	25,000
	Limited Water Damage	500,000	-
	Sewer Back Up	1,000,000	-
	Personal Property Limit	Included	-
	Business Income/Extra Expense	Actual loss sustained	-
	Property in Transit	100,000	
	Property off Premises	100,000	
	Data Processing Equipment	75,000	
	Data Media & Computer Programs	10,000	
	Extra Expense	10,000	-
	Boiler & Machinery	Included	25,000
	Ordinance or Law Coverage		
	Coverage A - Loss to undamaged portion of insured bldg	Value per SOV	-
	Coverage B - Demolition Cost	1,000,000	-
	Coverage C - Inc Cost of Insurance	1,000,000	1,000
	Pollutant Clean-up & Removal	100,000	-
	Utility Services Per Building	500,000	-
	Miscellaneous Equipment	500,000	500
Utica Mutual Insurance	Inland Marine: Additional Limits		
	Data/Media Computer Programs - Blanket All Locations	7,653,300	1,000
	Extra Expense - Blanket All Locations	240,000	-
	Musical Instruments	500,000	500
	Outside Equipment	25,000	-
	Valuable Papers & Records	100,000	-
Utica Mutual Insurance	Crime Coverage		
	Employee Dishonesty	100,000	500
	Forgery or Alteration	100,000	None
	Money & Securities		
	Inside Premises	25,000	-
	Outside Premises	25,000	-
Utica Mutual Insurance	Comprehensive General Liability		
	Per Occurrence	1,000,000	None
	General Aggregate	3,000,000	None
	Products/Completed Operations	3,000,000	None
	Personal/Advertising Injury	1,000,000	None
	Fire/Legal Damage	1,000,000	None
	Medical Expense	10,000	None
	Employee Benefit Liability(excludes students)	1,000,000	1,000
	Aggregate	3,000,000	1,000
	School District/Educational Legal		
	Occurrence	1,000,000	-
	Aggregate	3,000,000	-
	Retention	10,000	-
	Maximum Additional Defense	100,000/50,000	-
	Abuse/Molestation Liability	-	
	Each Claim	1,000,000	-
	Aggregate	3,000,000	-

(Continued)

Source: District Records

Manalapan-Englishtown Regional School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2016
Unaudited

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

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 3, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Manalapan-Englishtown Regional School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

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



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

November 3, 2016

K-2

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Manalapan-Englishtown Regional School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey State OMB Circular 15-08 that could have a direct and material effect on each of the Manalapan-Englishtown Regional School District's major federal and state programs for the year ended June 30, 2016. The Board of Education of the Manalapan-Englishtown Regional School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Manalapan-Englishtown Regional School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance, and the New Jersey State OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Manalapan-Englishtown Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Manalapan-Englishtown Regional School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance


Management of Manalapan-Englishtown Regional School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Manalapan-Englishtown Regional School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Manalapan-Englishtown Regional School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the New Jersey State OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

JUMP, PERRY and COMPANY, L.L.P.
Toms River, NJ

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

November 3, 2016

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 for the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior years' Balances	Deferred Revenue at June 30, 2016	(Accounts Receivable) at June 30, 2016	Due to Grantor at June 30, 2016
U.S. Department of Education												
General Fund:												
Medical Assistance Program (SEMI)	93.778	7/1/13-6/30/14	\$ 17,158	\$ -	\$ -	\$ -	\$ (17,158)	\$ -	\$ -	\$ -	\$ (17,158)	\$ -
Total General Fund				-	-	-	(17,158)	-	-	-	(17,158)	-
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
Food Distribution Program	10.550	7/1/15-6/30/16	108,368	-	-	108,368	(108,368)	-	-	-	-	-
National School Lunch Program	10.555	7/1/15-6/30/16	319,229	-	-	288,681	(319,229)	-	-	-	(30,548)	-
National School Lunch Program	10.555	7/1/14-6/30/15	331,539	(28,023)	-	28,023	-	-	-	-	-	-
Special Milk Program	10.556	7/1/15-6/30/16	252	-	-	223	(252)	-	-	-	(29)	-
Special Milk Program	10.556	7/1/14-6/30/15	357	(32)	-	32	-	-	-	-	-	-
Total Enterprise Fund				(28,055)	-	425,327	(427,849)	-	-	-	(30,577)	-
U.S. Department of Education												
Passed-through State Department of Education:												
Title I	84.010A	7/1/15-6/30/16	274,834	-	-	174,038	(274,944)	-	-	-	(100,906)	-
Title I	84.010A	7/1/14-6/30/15	160,333	(28,045)	-	28,045	-	-	-	-	-	-
Title II Part A	84.367A	7/1/15-6/30/16	78,780	-	-	94,603	(108,902)	-	-	-	(14,299)	-
Title II Part A	84.367A	7/1/14-6/30/15	115,569	(21,765)	-	21,765	-	-	-	-	-	-
Title III	84.365A	7/1/15-6/30/16	16,488	-	-	10,480	(18,648)	-	-	-	(8,168)	-
Title III	84.365A	7/1/14-6/30/15	20,094	(6,945)	-	6,945	-	-	-	-	-	-
Title III Immigrant	84.365A	7/1/15-6/30/16	841	-	-	-	-	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/15-6/30/16	1,210,384	-	-	866,371	(1,207,145)	-	-	-	(340,774)	-
I.D.E.A. Part B Basic Regular	84.027	7/1/14-6/30/15	1,285,801	(120,010)	-	120,010	-	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/13-6/30/14	1,134,471	6,069	-	-	-	-	(6,069)	-	-	-
I.D.E.A. Part B Preschool	84.173	7/1/15-6/30/16	53,677	-	-	34,961	(62,996)	-	-	-	(28,035)	-
I.D.E.A. Part B Preschool	84.173	7/1/14-6/30/15	55,902	(24,419)	-	24,419	-	-	-	-	-	-
Total Special Revenue Fund				(195,115)	-	1,381,637	(1,672,635)	-	(6,069)	-	(492,182)	-
Total Expenditures of Federal Awards				\$ (223,170)	\$ -	\$ 1,806,964	\$ (2,117,642)	\$ -	\$ (6,069)	\$ -	\$ (539,917)	\$ -

See accompanying notes to schedules of expenditures.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Awards
for the Fiscal Year ended June 30, 2016

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Final Award Amount	Balance at June 30, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2016	(Accounts Receivable) at June 30, 2016	Due to Grantor at June 30, 2016	Budgetary Receivable	Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	2,122,959	-	-	1,910,663	(2,122,959)	-	-	-	-	212,296	2,122,959
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	3,077,364	-	-	2,769,628	(3,077,364)	-	-	-	-	307,736	3,077,364
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	12,610,419	-	-	11,379,929	(12,610,419)	-	-	-	-	1,230,490	12,610,419
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	403,710	-	-	363,339	(403,710)	-	-	-	-	40,371	403,710
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1,407,425	-	-	1,266,683	(1,407,425)	-	-	-	-	140,743	1,407,425
Addl Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	69,343	-	-	62,409	(69,343)	-	-	-	-	6,934	69,343
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	48,185	-	-	43,367	(48,185)	-	-	-	-	4,819	48,185
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	48,185	-	-	43,367	(48,185)	-	-	-	-	4,819	48,185
Extraordinary Aid	16-100-034-5120-473	7/1/14-6/30/15	588,733	-	-	-	(588,733)	-	-	(588,733)	-	-	588,733
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	204,851	(204,851)	-	204,851	-	-	-	-	-	-	-
Non-public transportation aid	16-495-034-5120-014	7/1/15-6/30/16	21,477	-	-	-	(21,477)	-	-	(21,477)	-	-	21,477
Non-public transportation aid	15-495-034-5120-014	7/1/14-6/30/15	21,072	(21,072)	-	21,072	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	15-495-034-5094-003	7/1/14-6/30/15	2,391,244	(117,225)	-	117,225	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	16-495-034-5094-003	7/1/15-6/30/16	2,430,686	-	-	2,311,505	(2,430,686)	-	-	(119,181)	-	-	2,430,686
On-behalf TPAF Contribution	16-495-034-5094-002	7/1/15-6/30/16	2,538,332	-	-	2,538,332	(2,538,332)	-	-	-	-	-	2,538,332
On-behalf TPAF Post-Retirement Medical Contribution	16-495-034-5094-001	7/1/15-6/30/16	3,022,451	-	-	3,022,451	(3,022,451)	-	-	-	-	-	3,022,451
Total General Fund			31,006,436	(343,148)	-	26,054,819	(28,389,269)	-	-	(729,391)	-	1,948,207	28,389,269
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Technology	15-100-034-5120-373	7/1/14-6/30/15	3,200	2,003	-	-	-	(2,003)	-	-	-	-	-
Technology	16-100-034-5120-373	7/1/15-6/30/16	2,210	-	-	2,210	(668)	-	-	-	1,542	-	-
Textbook	16-100-034-5120-064	7/1/15-6/30/16	4,854	-	-	4,854	(343)	-	-	-	4,511	-	-
Textbook	15-100-034-5120-064	7/1/14-6/30/15	5,065	1,694	-	-	-	(1,694)	-	-	-	-	-
Nursing	16-100-034-5120-070	7/1/15-6/30/16	6,390	-	-	6,390	(5,232)	-	-	-	1,158	-	-
Nursing	15-100-034-5120-070	7/1/14-6/30/15	9,485	4,230	-	-	-	(4,230)	-	-	-	-	-
Security	16-100-034-5120-509	7/1/15-6/30/16	2,125	-	-	2,125	(107)	-	-	-	2,018	-	-
Exam and Classification	15-100-034-5120-066	7/1/14-6/30/15	3,780	2,520	-	-	-	(2,520)	-	-	-	-	-
Exam and Classification	16-100-034-5120-066	7/1/15-6/30/16	4,769	-	-	4,769	(3,577)	-	-	-	1,192	-	-
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	785	785	-	-	-	(785)	-	-	-	-	-
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	743	-	-	743	-	-	-	-	743	-	-
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	10,602	8,835	-	-	-	(8,835)	-	-	-	-	-
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	5,016	-	-	5,016	(1,672)	-	-	-	3,344	-	-
Total Special Revenue Fund			59,024	20,067	-	26,892	(11,599)	(20,067)	-	-	14,508	-	-
Debt Service Fund:													
Debt service aid													
	16-495-034-5120-075	7/1/15-6/30/16	469,073	-	-	469,073	(469,073)	-	-	-	-	-	-
			<u>469,073</u>	<u>-</u>	<u>-</u>	<u>469,073</u>	<u>(469,073)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enterprise Fund:													
State School Lunch Program	16-100-010-3360-067	7/1/15-6/30/16	19,298	-	-	17,430	(19,298)	-	-	(1,868)	-	-	-
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	20,304	(2,285)	-	2,285	-	-	-	-	-	-	-
			<u>39,602</u>	<u>(2,285)</u>	<u>-</u>	<u>19,715</u>	<u>(19,298)</u>	<u>-</u>	<u>-</u>	<u>(1,868)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Awards			\$ 31,574,135	\$ (325,366)	\$ -	\$ 26,570,499	\$ (28,889,239)	\$ (20,067)	\$ -	\$ (731,259)	\$ 14,508	\$ 1,948,207	\$ 28,389,269

Less: On-Behalf TPAF Pension System Contributions (5,560,783)

Total for State Financial Assistance-Major Program Determination **\$ (23,328,456)**

See accompanying notes to schedules of expenditures.

(1) Not subject to Single Audit

Manalapan-Englishtown Regional School District

Notes to Schedules of Expenditures of Federal and State Awards

Year ended June 30, 2016

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with or reconcile to amounts reported in the basic financial statements which present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements and schedules (RSI) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis of accounting with the exception of the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of

Manalapan-Englishtown Regional School District

Notes to Schedules of Expenditures of
Federal and State Awards

Year ended June 30, 2016

3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(2,532,096) for the General Fund and \$(19,447) for the Special Revenue Fund. See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the General Fund and Special Revenue Fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	TPAF	Total
General Fund	\$ 17,158	\$ 25,857,173	\$ (5,560,783)	\$ 20,313,548
Special Revenue Fund	1,672,635	11,599	-	1,684,234
Debt Service Fund	-	469,073	-	469,073
Food Service Fund	427,849	19,298	-	447,147
Total awards and financial assistance	\$ 2,117,642	\$ 26,357,143	\$ (5,560,783)	\$ 22,914,002

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.

Manalapan-Englishtown Regional School District

Notes to Schedules of Expenditures of
Federal and State Awards

Year ended June 30, 2016

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2016.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 15-08.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I --Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a) of the Uniform Guidance? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027 84.173</u>	<u>IDEA Part B and Preschool - Cluster</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

State Aid-Public (Cluster)

495-034-5120-078
495-034-5120-089
495-034-5120-084
495-034-5120-085
495-034-5120-085
495-034-5120-097
495-034-5120-098

Equalization Aid
Special Education Categorical Aid
Security Aid
Adjustment Aid
Additional Adjustment Aid
Per Pupil Growth Aid
PARCC Readiness

495-034-5120-014

Transportation Aid

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

No matters were reported for the period ended June 30, 2016.

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

No matters were reported for the period ended June 30, 2016.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Summary Schedule of Prior-Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2016

STATUS OF PRIOR YEAR FINDINGS

No matters were reported.