

**SCHOOL DISTRICT
OF
MANNINGTON TOWNSHIP**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Mannington Township Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Mannington Township Board of Education
Salem, New Jersey**

For the Fiscal Year Ended June 30, 2016

Prepared by

**Mannington Township Board of Education
Finance Department**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	9-11
Required Supplementary Information - Part I Management's Discussion and Analysis(Unaudited)	12-19
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	20
A-2 Statement of Activities	21
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Proprietary Funds:	
B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6 Statement of Cash Flows	27
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	28
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements	29-55

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS
(Page 2)**

FINANCIAL SECTION (continued)	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules (Unaudited):	
C-1 Budgetary Comparison Schedule - General Fund	56-61
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	62
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	63
Required Supplementary Information - Part III (Unaudited)	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	64
L-2 Schedule of District Contributions – PERS	65
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	66
L-4 Schedule of District Contributions – TPAF	66a
Notes to the Required Supplementary Information – Part III	
Other Supplementary Information	
D. School Based Budget Schedules (if applicable)	
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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS
(Page 3)**

FINANCIAL SECTION (continued)	<u>Page</u>
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	68-69
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	70
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A
F-2a Schedule(s) 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	71
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	72
G-3 Combining Schedule of Cash Flow	73
Internal Service Fund:	
G-4 Combining Schedule of Net Position	74
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	75
G-6 Combining Schedule of Cash Flows	76
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	77
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	78
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	79

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS
(Page 4)**

Page

I. Long-Term Debt:

I-1	Schedule of Serial Bonds	80
I-2	Schedule of Obligations under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	81

STATISTICAL SECTION (UNAUDITED)

Financial Trends

J-1	Net Position by Component	82
J-2	Changes in Net Position	83
J-3	Fund Balances - Governmental Funds	84
J-4	Changes in Fund Balances, Governmental Funds	85
J-5	General Fund Other Local Revenue by Source	86

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	87
J-7	Direct and Overlapping Property Tax Rates	88
J-8	Principal Property Taxpayers	89
J-9	Property Tax Levies and Collections	90

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	91
J-11	Ratios of General Bonded Debt Outstanding	92
J-12	Direct and Overlapping Governmental Activities Debt	93
J-13	Legal Debt Margin Information	94

Demographic and Economic Information

J-14	Demographic and Economic Statistics	95
J-15	Principal Employers	96

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	97
J-17	Operating Statistics	98
J-18	School Building Information	99
J-19	Schedule of Allowable Maintenance Expenditures by School Facility	100
J-20	Insurance Schedule	101

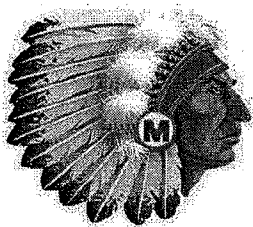
**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS
(Page 5)**

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	102-103
K-2	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures Required by Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Treasury Circular 15-08	104-105
K-3	Schedule of Expenditures of Federal Awards, Schedule A	106
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	107
K-5	Notes to Schedules of Awards and Financial Assistance	108-109
K-6	Schedule of Findings and Questioned Costs	110-113
K-7	Summary Schedule of Prior Year Audit Findings	114

INTRODUCTORY SECTION



Mannington Township School

495 Route 45
Mannington, NJ 08079
phone 856-935-1078
fax 856-935-3747

Ms. Kristin Williams
Chief School Administrator

Mrs. Karen Mathews
Business Administrator

October 28, 2016

Honorable President and
Members of the Board of Education
Mannington Township School District
Salem County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Mannington Township School District for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Mannington Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Mannington Township Board of Education and its one school constitute the District's reporting entity. Mannington Township School District provides a full range of educational services appropriate to grade levels Pre-K through Eighth grade. These include regular, as well as special education for handicapped students. Our students in grades 9-12 are sent to Salem High School in a sending/receiving relationship. Tuition and transportation are paid for by the Mannington Township Board of Education. The Mannington Township School District completed the 2015-2016 fiscal year with an enrollment of 179 students, which was 2 less students than in the prior year. The following changes in the student enrollment of the District over the last ten years show a leveling off for the later years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	179	-1.01%
2014-15	181	1.68%
2013-14	178	-2.19%
2012-13	182	8.98%
2011-12	167	-1.76%
2010-11	170	-10.9%
2009-10	191	9.14%
2008-09	172	(1.14)%
2007-08	174	13.73%
2006-07	154	(3.39)%

2. ECONOMIC CONDITION AND OUTLOOK:

Mannington Township is showing, and will continue to show, a limited increase in new housing. The Township houses many of the county government facilities, i.e., emergency management, the county jail, the County Vocational Technical School and Prep Center, plus numerous churches and the Memorial Hospital of Salem County. A large percentage of land is locked from building by the Farmland Preservation Act, wetlands designation, plus the Mannington Meadows (a National Wildlife Preserve). The Township is experiencing limited growth in industry and professional establishments. At the current time, at least two developers have applied to build multi-home developments within the community. It is anticipated, that that once the building process is underway, the district enrollment will increase.

3. MAJOR INITIATIVES:

Student scores on state and independent assessments remained stable with a large percentage of the student population scoring in the meets or exceeds expectations range for grades 1-8. Continued utilization of the ESI (Early Screening Inventory) is assisting in identifying areas of need for our Pre-K and Kindergarten classes. The district continues to focus professional development in the areas of literacy, reading, writing, HIB, technology, and student needs.

Mannington Township School offers a full day Pre-K and Kindergarten programs that utilize "Tools of the Mind" and NJCCCS respectively. Curriculums are consistently monitored and aligned accordingly to NJCCCS and differentiated instruction is a key focus in lessons through all disciplines.

The Mannington School continues to provide and ensure a safe and healthy learning environment for staff and students. The recent safety upgrades included a new remote door lock system, upgrades in building communication, and the installation of video surveillance. A Safety Committee meets quarterly to review procedures and plans in order to optimize school safety.

During the 2015-2016 school year, the district continued to concentrate on early identification of academic issues with students in our Pre-K through Third Grade classes. RTI (Response to Intervention) continued to be refined and utilized to help address academic issues that students were having. The district also invested through professional development and school wide initiatives in the areas of harassment, intimidation, and bullying. Parents, students, staff, and administration were presented information and training through workshops, assemblies, and activities to help the school climate remain bully free. In the area of technology the Mannington School is utilizing online reports and assessments, Chromebook and iPad carts, and Smartboards. Curriculum is infused with technology and lessons can be enhanced through the use of the computers. Several technology based programs have been purchased, such as IXL and Sumdog (math programs), Accelerated Reader, Type to Learn and Kodable (technology programs), and Brain Pop to aid in the enhancement of lessons and used as supplemental resources by our teaching staff. The needs of all students are considered in both regular and special education, including resource center programs and inclusion settings, with a full range of related services being offered.

The parent-paid tuition rate is competitive with surrounding districts and allows parents outside of Mannington Township a reasonable and affordable choice within the county for their child (children's) education. The number of parent-paid tuition students has been fairly constant over the past several years, even with choice schools being offered in Salem County.

4. INTERNAL ACCOUNTING CONTROLS:

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

4. INTERNAL ACCOUNTING CONTROLS (CONT'D):

As a recipient of federal awards and state financial assistance, the District is also 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 being made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

7. DEBT ADMINISTRATION:

On March 1, 2006, the Mannington Township Board of Education issued \$2,218,000 in bonds for the renovation of the elementary school. On April 12, 2016 the Bonds Payable for the renovation of the elementary school were refunded and the balance as of June 30, 2016 was \$1,400,000. There was no other authorized or outstanding bonded debt as of June 30, 2016.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

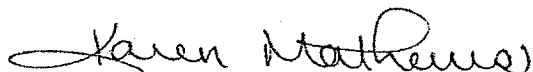
11. ACKNOWLEDGMENTS:

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

Respectfully submitted,

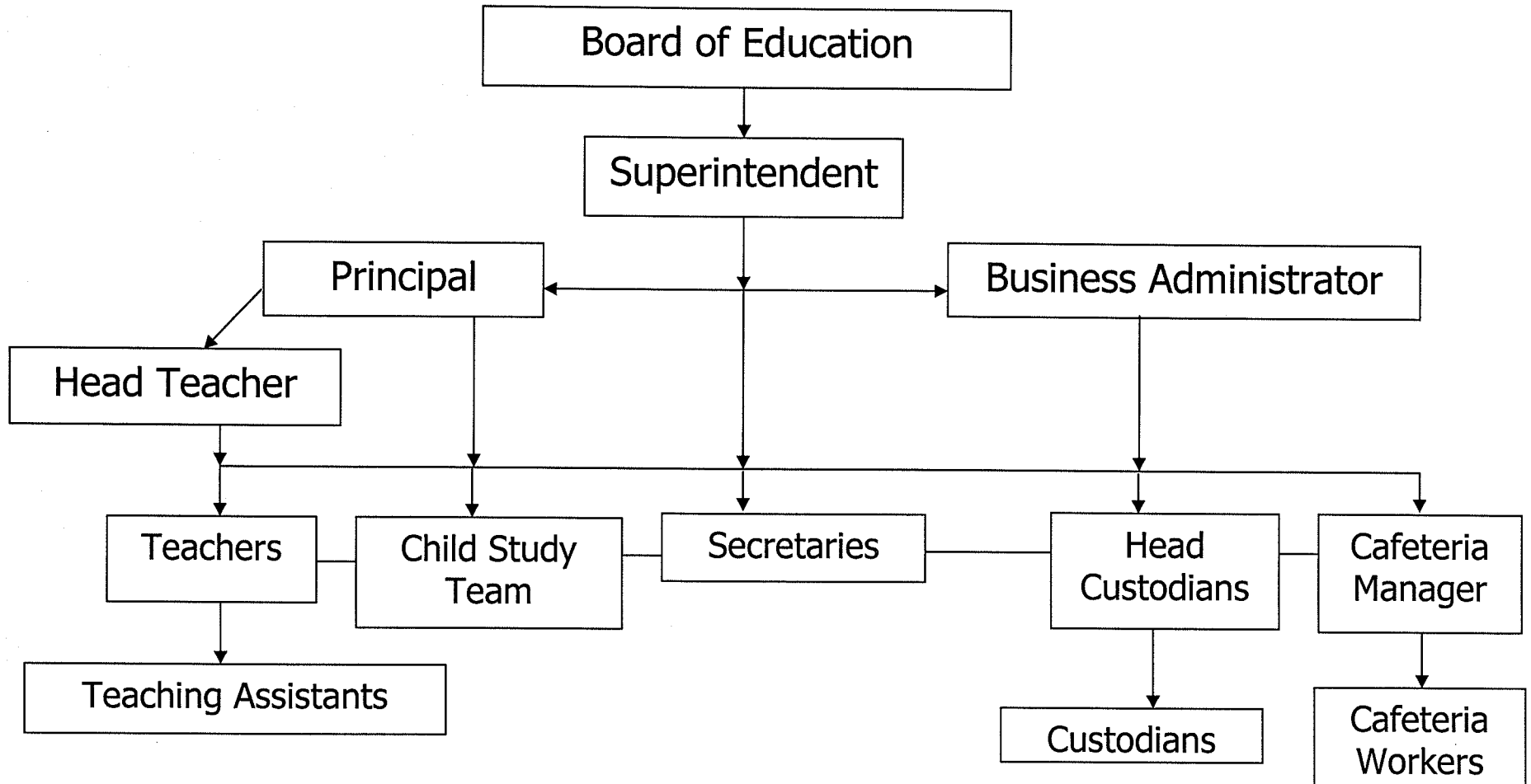


Kristin Williams, Chief School Administrator



Karen Mathews
Business Administrator/Board Secretary

Mannington Township School Organizational Chart



MANNINGTON TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Patricia Skwirut, President	2016
Carmen Porter, Vice President	2017
Eric Buzby	2017
Robert DiGregorio	2016
Melanie Richman	2018
Scott Robinson	2018
Cynthia Shimp	2016

OTHER OFFICIALS

Ms. Kristin Williams, Chief School Administrator

Karen Mathews, Business Administrator

Mr. Mark Toscano, Esquire, Solicitor

MANNINGTON TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Mr. Mark G. Toscano, Esq.
Comegno Law Group, PC
521 Pleasant Valley Avenue
Moorestown, New Jersey 08057

OFFICIAL DEPOSITORY

The Bank
Route 45
Salem, New Jersey 08079

INSURANCE AGENCY

Conner Strong Co., Inc.
PO Box 989
Marlton, NJ 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

October 28, 2016

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Mannington Township School District
County of Salem, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit 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 financial statement presentation.

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, business-type activities, each major fund, and the aggregate remaining fund information of the Mannington Township Board of Education in the County of Salem, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, 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, schedule of the School District's proportionate share of the net pension liability and schedule of the School District's contributions, identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mannington Township Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements 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 and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey Treasury OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2016 on our consideration of the Mannington Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Mannington Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Mannington Township School District Management Discussion and Analysis

(Unaudited)

This section of the Mannington Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2016. Comparative information between the current year (2015-16) and the prior year (2014-15) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status and performance.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the *district-wide statements*, with the focus on operations.
- The *governmental fund statements* tell how *basic* services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.
- *Proprietary fund statements* offer *short- and long-term* financial information about activities the District operates *like businesses*.
- *Fiduciary fund statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain various information in the statements and provide more detail. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Key financial highlights for 2016 are as follows:

- General revenues accounted for \$3,830,023 in revenue or 89.2% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$462,853 or 10.8% percent to total revenues of \$4,292,876.
- Total net position of governmental activities increased by \$565,611, comprised of changes in various assets and liabilities. The net position of the Business-type Activities increased by \$3,637.

- The School District had \$3,723,628 in expenses, of which only \$462,853 of these expenses were offset by program specific charges for services, grants or contributions. Revenues (primarily federal awards, state aid and property taxes) of \$4,292,876 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities.
- The General Fund had \$3,511,402 in revenues, \$2,966,181 in expenditures and no other net financing uses during the year. The General Fund's balance increased \$522,221 over 2015, which included a transfer to the Food Service Fund of \$23,000. This increase was anticipated by the Board of Education as fund balance was used to balance the budget.

District-wide Financial Statements – Reporting the School District as a Whole

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

The two district-wide statements report the District's *net position* and changes in that position. Net position – the difference between the District's assets and liabilities – are one way to measure the District's overall financial position.

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

In the Statement of Net Position and the Statement of Activities, which represent the district-wide financial statements, the School District is divided into two distinct kinds of activities:

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about these major funds. The School District uses numerous funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

The District may implement four types of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Internal Service funds:* (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements, as these assets may not be used to finance the District's operations.

The School District as a Whole

Table 1 provides a comparative summary of the School District's net position for the years ended in 2015 and 2016.

Table 1
Net Position

	2016	2015
Assets		
Current and Other Assets	\$ 1,056,820	\$ 513,565
Capital Assets, Net	1,277,032	1,358,475
Total Assets	<u>2,333,852</u>	<u>1,872,040</u>
Deferred Outflows of Resources	<u>207,708</u>	<u>59,805</u>
Liabilities		
Current Liabilities	977,424	26,614
Long-term Liabilities	1,462,950	2,329,194
Total Liabilities	<u>2,440,374</u>	<u>2,355,808</u>
Deferred inflows of Resources	<u>77,382</u>	<u>121,481</u>
Net Position		
Invested in Capital Assets, Net of Debt	(75,968)	(104,525)
Restricted	772,771	274,249
Unrestricted	(672,999)	(715,168)
Total Net Position	<u>\$ 23,804</u>	<u>\$ (545,444)</u>

Table 2 shows the changes in net position from fiscal years 2016 and 2015.

Table 2
Changes in Net Position

	2016	2015
Revenues		
Program Revenues		
Charges for Services	\$ 30,441	\$ 41,257
Operating Grants	432,412	351,439
General Revenues		
Property Taxes	2,736,051	2,706,642
Grants and Entitlements	1,029,432	985,912
Other	64,540	66,754
Total Revenues	4,292,876	4,152,004
Program Expenses		
Instruction	1,124,846	1,244,027
Tuition	346,463	507,963
Pupil and Instructional Staff	298,124	294,313
General Administration, School		
Administration, Business	292,308	268,312
Operations and Maintenance of Facilities	213,598	208,516
Pupil Transportation	215,021	215,638
Employee Benefits	1,091,438	973,975
Interest on Debt	46,791	63,995
Food Service	95,039	91,635
Total Expenses	3,723,628	3,868,374
Increase in Net Position	569,248	283,630
Net Increase in Net Position	\$ 569,248	\$ 283,630

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the \$3,830,023 in Governmental revenue, District's Property taxes made up 71.4% of these revenues for governmental activities. Restricted and Unrestricted Federal, state and local grants accounted for another 26.9% and other revenues accounted for 1.7%. The total cost of services, as shown below, was \$3,723,628. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$3,241,412. Instruction comprises 31.3% of these District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of 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

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 1,124,846	\$ 1,016,340	\$ 1,244,027	\$ 1,171,623
Tuition	346,463	346,463	507,963	507,963
Pupil and Instructional Staff	298,124	217,086	294,313	219,868
General administration, school administration, business	292,308	292,308	268,312	268,312
Operation and maintenance of facilities	213,598	213,598	208,516	208,516
Pupil Transportation	215,021	215,021	215,638	215,638
Employee Benefits	1,091,438	893,805	973,975	797,028
Interest and fiscal charges	46,791	46,791	63,995	63,995
Total Expenses	\$ 3,628,589	\$ 3,241,412	\$ 3,776,739	\$ 3,452,943

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. Curriculum and staff development expenses (included in support services) are related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Co-curricular activities include instructional expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District as well as internal service fund expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition as well as internal service fund expenses.

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

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

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.

- Expenses exceeded program revenues by \$19,363. This deficit was anticipated by the board, as surplus was available from the prior year.
- Charges for services represent \$30,441 of revenue, which was an increase of \$993 from the prior year. This represents amount paid by patrons for daily food services activities. There was no other non-operating revenue.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$45,235.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (general fund, special revenue fund, capital projects and debt service fund-based statements) had total revenues of \$3,885,231, expenditures of \$3,340,369 and another net financing use reporting \$23,000 transferred to the Food Service Fund during the year. The net positive change in fund balance for the year was \$521,862, which demonstrates that the District was fully able to meet current operating costs without the use of fund balance. 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. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) from 2015	Percent Increase/ (Decrease)
Local Sources	\$ 2,800,591	72.08%	\$ 25,317	0.91%
State Sources	940,078	24.20%	10,087	1.08%
Federal Sources	144,562	3.72%	57,458	65.96%
	<u>\$ 3,885,231</u>	<u>100.00%</u>	<u>\$ 92,862</u>	<u>2.45%</u>

The increase in Local sources is attributed to increases in the general fund local tax levy of \$51,430 and other miscellaneous revenues of \$1,175, offset by a decrease in debt service tax levy of \$22,021 and tuition revenue of \$5,267.

The increase in State sources of \$10,087 is attributed to increases in general fund aid of \$18,559 and \$2,873 in restricted state grants, offset by an decrease in debt service aid of \$11,345.

The above schedule includes the last state aid payments for 2014-2015 of \$48,411 received in July 2015 and does not include the last state aid payments for 2015-2016 received in July 2016 in the amount of \$56,249.

The decrease in Federal sources is due to changes in various grants. In addition, the 2015 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2016 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) from 2015	Percent Increase/ (Decrease)
Current:				
Instruction	\$ 1,085,226	32.48%	\$ (86,526)	-7.38%
Undistributed expenditures	2,076,479	62.17%	(97,029)	-4.46%
Capital Outlay	7,275	0.22%	(2,451)	-25.20%
Debt Service:				
Principal	110,000	3.29%	(27,066)	-19.75%
Interest	61,389	1.84%	(6,300)	-9.31%
Total	<u>\$ 3,340,369</u>	<u>100.00%</u>	<u>\$ (219,372)</u>	<u>-6.16%</u>

The decrease in instructional expenditures is attributed to a decrease in expenses for regular instruction of \$32,231 and special education instruction of \$54,601, offset by an increase in other instruction of \$306.

The decrease in undistributed expenditures was due to decreases in tuition costs of \$161,500 and pupil transportation expenses of \$617, offset by increases student instruction related services of \$15,373, in administration/central services costs of \$23,782, maintenance cost of \$4,918 and employee benefit costs of \$21,015.

The decrease in capital outlay of \$2,451 is attributed to decreased capital expenditures for equipment.

The change in debt service results from increased principal payments and declining interest cost.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2016, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- Staffing changes based on student needs.
- Additional costs for student transportation both in regular education and special education.
- Changes in maintenance and operations.
- Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show a increase of \$530,059 as shown on Exhibit C-1.

- Actual revenues were \$10,627 more than expected, excluding on-behalf pension and social security reimbursements of \$274,164, due to various state aid allotments and miscellaneous revenues.
- Actual expenditures were \$547,089 lower than expected, offset by the state on-behalf pension and social security reimbursements of \$274,164 resulting in the reportable favorable variance of \$272,925 as shown on Exhibit C-1.

Capital Assets

At the end of the fiscal year 2016, the School District had \$1,274,870 (net of accumulated depreciation) invested in Governmental land, buildings, furniture and equipment, and vehicles and \$2,162 in Business Activity equipment. Table 4 shows fiscal 2016 balances compared to 2015.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2016</u>	<u>2015</u>
Land	\$ 6,207	\$ 6,207
Land Improvements	12,101	12,345
Building and Improvements	1,170,760	1,281,402
Machinery and Equipment	87,964	58,521
Totals	<u>\$ 1,277,032</u>	<u>\$ 1,358,475</u>

Overall capital assets decreased by \$81,443 from fiscal year 2015 to fiscal year 2016. The Decrease consisted of \$122,308 in depreciation expense, offset by additions of \$40,865. The General fund portion was \$1,274,870 and the Food Service Enterprise Fund decrease was \$2,162.

Long-Term Debt:

At year-end, the District did not have any outstanding capital lease principal, school bonds in the amount of \$1,400,000 and compensated absences of \$62,950. There was no other outstanding authorized debt (Note 6). The remaining available amount of debt permitted to be authorized is \$4,727,039.

Factors Bearing on the District's Future

At the time the financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect the financial position in the future:

- Collective Bargaining unit is in effect until June 30, 2017
- State Formula Aid for the fiscal year 2015-2016 remained stable and it is still hopeful that the State will establish an aid formula that results in distribution based on a district performance plan and enrollment factor.
- Special revenues have been decreasing in the overall funds year to year.
- Every possible grant prospect is availed to increase and supply the best educational opportunities for students.
- Together in Education at Mannington "TEAM" (parent group) has assisted the district by providing funds for field trips and sharing the cost of purchasing a LED School Sign.
- Bonds issued in 2006 were refunded in 2016 to take advantage of a lower interest rate. This refunding will provide a savings to the taxpayers in the way of a lower yearly debt service payment.

In conclusion, Mannington Township School District has remained committed to fiscal responsibility for many years. The district continues sound fiscal management practices to meet the requirements of the future and accepts the challenge to continue to find additional revenues to meet expenses requirements.

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 Karen Mathews, Business Administrator, Mannington Township School District, 495 Route 45, Salem, NJ 08079.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Cash Equivalents	\$ 664,060	\$ 5,734	\$ 669,794
Receivables, Net	67,509	2,174	69,683
Inventory		144	144
Restricted Assets:			
Capital Reserve Account - Cash	267,199		267,199
Maintenance Reserve Account - Cash	50,000		50,000
Capital Assets, Net (Note 6):	1,274,870	2,162	1,277,032
Total Assets	2,323,638	10,214	2,333,852
DEFERRED OUTFLOWS OF RESOURCES:			
Other Deferred Outflows	47,000		47,000
Deferred Pension Outflows	160,708		160,708
Total Deferred Outflows	207,708		207,708
LIABILITIES			
Current Liabilities:			
Accounts Payable	12,715		12,715
Accrued Interest Payable	5,796		5,796
Unearned Revenue	10,522	529	11,051
Net Pension Liability	947,862		947,862
Noncurrent Liabilities:			
Due Within One Year	141,163		141,163
Due Beyond One Year	1,321,787		1,321,787
Total Liabilities	2,439,845	529	2,440,374
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	77,382		77,382
Total Deferred Inflows	77,382		77,382
NET POSITION			
Invested in Capital Assets, Net of Related Debt (Deficit)	(78,130)	2,162	(75,968)
Restricted for:			
Capital Reserve	267,199		267,199
Maintenance Reserve	50,000		50,000
Excess Surplus	460,993		460,993
Special Revenue (Deficit)	(5,600)		(5,600)
Other Purposes	179		179
Unrestricted (Deficit)	(680,522)	7,523	(672,999)
Total Net Position	\$ 14,119	\$ 9,685	\$ 23,804

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
Governmental Activities							
Instruction:							
Regular	\$ 1,068,306		\$ 108,506	\$ (959,800)		\$ (959,800)	
Special Education	55,681			(55,681)		(55,681)	
Other instruction	859			(859)		(859)	
Support Services:							
Tuition	346,463			(346,463)		(346,463)	
Student & Instruction Related Services	298,124		81,038	(217,086)		(217,086)	
General and Business Administrative Services	100,832			(100,832)		(100,832)	
School Administrative Services	95,291			(95,291)		(95,291)	
Central Services	96,185			(96,185)		(96,185)	
Plant Operations and Maintenance	213,598			(213,598)		(213,598)	
Pupil Transportation	215,021			(215,021)		(215,021)	
Employee Benefits	1,091,438		197,633	(893,805)		(893,805)	
Interest on Long-term Debt	46,791			(46,791)		(46,791)	
Total Governmental Activities	<u>3,628,589</u>		<u>387,177</u>	<u>(3,241,412)</u>		<u>(3,241,412)</u>	
Business-type Activities:							
Food Service	95,039	30,441	45,235		(19,363)	(19,363)	
Total Business-type Activities	<u>95,039</u>	<u>30,441</u>	<u>45,235</u>		<u>(19,363)</u>	<u>(19,363)</u>	
Total Primary Government	<u>\$ 3,723,628</u>	<u>\$ 30,441</u>	<u>\$ 432,412</u>	<u>(3,241,412)</u>	<u>(19,363)</u>	<u>(3,260,775)</u>	
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes				2,622,935		2,622,935	
Taxes Levied for Debt Service				113,116		113,116	
Federal and State Aid not Restricted				1,029,432		1,029,432	
Tuition Received				57,000		57,000	
Investment Earnings				1,714		1,714	
Miscellaneous Income				5,826		5,826	
Transfer				(23,000)	23,000		
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>3,807,023</u>	<u>23,000</u>	<u>3,830,023</u>	
				Change in Net Position	565,611	3,637	569,248
				Net Position—Beginning (Deficit)	(551,492)	6,048	(545,444)
				Net Position—Ending	<u>\$ 14,119</u>	<u>\$ 9,685</u>	<u>\$ 23,804</u>

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

MANNINGTON TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Debt Service	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 664,055	\$	\$ 5	\$ 664,060
Cash - Capital Reserve	267,199			267,199
Cash - Maintenance Reserve	50,000			50,000
State Aid Receivable	348			348
Federal Aid Receivable		47,937		47,937
Receivables from Other Governments	13,963			13,963
Interfunds Receivables	46,083			46,083
Total Assets	\$ 1,041,648	\$ 47,937	\$ 5	\$ 1,089,590
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$	\$ 12,715	\$	\$ 12,715
Interfund Payable		40,822		40,822
Unearned Revenue	10,522			10,522
Total Liabilities	10,522	53,537	5	64,059
Fund Balances:				
Restricted For:				
Capital Reserve	267,199			267,199
Maintenance Reserve	50,000			50,000
Excess Surplus	298,605			298,605
Excess Surplus - Designated for Subsequent Year's Expenditures	162,388			162,388
Assigned to Year-End Encumbrance	58,661			58,661
Assigned to Subsequent Year's Expenditures	174			174
Unassigned, Reported In:				
General Fund	194,099			194,099
Special Revenue Fund		(5,600)		(5,600)
Debt Service Fund			5	5
Total Fund Balances (Deficit)	1,031,126	(5,600)	5	1,025,531
Total Liabilities and Fund Balances	\$ 1,041,648	\$ 47,937	\$ 5	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,818,796 and the accumulated depreciation is \$1,543,926 (Note 6).	1,274,870
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 (Note 7).	(1,462,950)
Deferred Outflow of Resources - Deferred Pension Contribution	160,708
Deferred Outflow of Resources - Debt Refinancing	47,000
Deferred Inflows of Resources - Pension Actuarial Gains	(77,382)
Long Term Net Pension Liability	(947,862)
Accrued Interest on Bonds not payable until the next year	(5,796)
Net position of governmental activities	\$ 14,119

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 2,622,935	\$	\$ 113,116	\$ 2,736,051
Tuition from Other LEAs	57,000			57,000
Interest Earned	1,714			1,714
Miscellaneous	3,590	2,236		5,826
Total Local Sources	2,685,239	2,236	113,116	2,800,591
State Sources	826,163	55,642	58,273	940,078
Federal Sources		144,562		144,562
Total Revenues	3,511,402	202,440	171,389	3,885,231
EXPENDITURES				
Current:				
Regular Instruction	923,513	108,506		1,032,019
Special Education Instruction	52,763			52,763
Other Instruction	444			444
Support Services:				
Tuition	346,463			346,463
Student & Instruction Related Services	197,842	81,038		278,880
General Administration	93,067			93,067
School Administrative Services	91,372			91,372
Central Services	91,106			91,106
Plant Operations and Maintenance	200,717			200,717
Pupil Transportation	215,021			215,021
Employee Benefits	746,598	13,255		759,853
Capital Outlay	7,275			7,275
Debt Service:				
Principal			110,000	110,000
Interest and Other Charges			61,389	61,389
Total Expenditures	2,966,181	202,799	171,389	3,340,369
Excess (Deficiency) of Revenues Over Expenditures	545,221	(359)	-	544,862
OTHER FINANCING SOURCES (USES)				
Transfers Out - Food Service Fund	(23,000)			(23,000)
Total Other Financing Sources and Uses	(23,000)			(23,000)
Net Change in Fund Balances	522,221	(359)		521,862
Fund Balance—July 1 (Deficit)	508,905	(5,241)	5	503,669
Fund Balance—June 30 (Deficit)	\$ 1,031,126	\$ (5,600)	\$ 5	\$ 1,025,531

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

MANNINGTON TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Total net change in fund balances - governmental funds (from B-2) \$ 521,862

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	\$ (122,098)	
Capital Outlays	<u>7,275</u>	
		(114,823)

Pension Expense recognized for GAAP but not for Budgetary purposes.

In the statement of activities, certain operating expenses are measured by the amounts earned during the year, such as compensated absences. In the governmental funds, however, expenditures are reported when the corresponding financial resources are used or paid. 10,875

Repayment of capital lease principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of net position. 33,590

Repayment of Serial Bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of net assists. 110,000

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (10,491)

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 for payment. 14,598

Change in net position of governmental activities (A-2) \$ 565,611

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

PROPRIETARY FUNDS

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities Enterprise Fund		Governmental Activities Internal Service Fund
	Food Service	Total Enterprise	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 5,734	\$ 5,734	\$
Accounts Receivable	2,174	2,174	
Inventory	144	144	
	8,052	8,052	
Total Current Assets			
Noncurrent Assets:			
Furniture, Machinery & Equipment	3,318	3,318	
Less Accumulated Depreciation	(1,156)	(1,156)	
	2,162	2,162	
Total Noncurrent Assets			
Total Assets	\$ 10,214	\$ 10,214	\$
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Unearned Revenue	\$ 529	\$ 529	\$
	529	529	
Total Current Liabilities			
Net Position			
Invested in Capital Assets, Net of Related Debt	2,162	2,162	
Unrestricted	7,523	7,523	
	9,685	9,685	
Total Net Position			
Total Liabilities & Net Position	\$ 10,214	\$ 10,214	\$

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

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities		Governmental Activities Internal Service Fund
	Enterprise Fund		
	Food Service	Totals	
Operating Revenues:			
Charges for Services:			
Food Sales Reimbursable Programs	\$ 21,410	\$ 21,410	\$
Food Sales Non-Reimbursable Programs	9,031	9,031	
Total Operating Revenue:	30,441	30,441	
Operating Expenses:			
Cost of Sales	64,727	64,727	
Salaries	24,046	24,046	
Employee Benefits	4,839	4,839	
General Supplies	1,217	1,217	
Depreciation	210	210	
Total Operating Expenses	95,039	95,039	
Operating Income (Loss)	(64,598)	(64,598)	
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	699	699	
Federal Sources:			
National School Lunch Program	27,875	27,875	
School Breakfast Program	8,008	8,008	
Food Distribution Program	8,653	8,653	
Total Non-operating Revenues (Expenses)	45,235	45,235	
Income (Loss) Before Contributions & Transfers	(19,363)	(19,363)	
Transfers In (Out)	23,000	23,000	
Change in Net Position	3,637	3,637	
Total Net Position - Beginning	6,048	6,048	
Total Net Position - Ending	\$ 9,685	\$ 9,685	\$

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

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Food	Total	Internal
	Service	Enterprise	Service
			Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 30,441	\$ 30,441	\$
Payments to Employees	(24,046)	(24,046)	
Payments for Employee Benefits	(4,839)	(4,839)	
Payments to Suppliers	(66,265)	(66,265)	
	(64,709)	(64,709)	
Net Cash Provided by (Used for) Operating Activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	699	699	
Federal Sources	44,536	44,536	
Operating Transfer In-General Fund	23,000	23,000	
	68,235	68,235	
Net Cash Provided by (Used for) Non-capital Financing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	3,526	3,526	
Balances—Beginning of Year	2,208	2,208	
Balances—End of Year (Cash Overdraft)	\$ 5,734	\$ 5,734	\$
Reconciliation of Operating Income (Loss) to Net Cash Provided			
(Used) by Operating Activities:			
Operating Income (Loss)	\$ (64,598)	\$ (64,598)	\$
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	210	210	
(Increase) Decrease in Accounts Receivable, Net	202	202	
(Increase) Decrease in Inventory	(144)	(144)	
Increase (Decrease) in Unearned Revenue	(379)	(379)	
	(111)	(111)	
Total Adjustments			
Net Cash Provided by (Used for) Operating Activities	\$ (64,709)	\$ (64,709)	\$

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

FIDUCIARY FUNDS

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency Fund</u>	<u>Student Activity</u>
ASSETS		
Cash and Cash Equivalents	\$ 11,692	\$ 17,155
Total Assets	<u>\$ 11,692</u>	<u>\$ 17,155</u>
LIABILITIES		
Payable to Student Groups	\$	\$ 11,894
Medical Reimbursement Plan	11,692	
Due to General Fund		5,261
Total Liabilities	<u>\$ 11,692</u>	<u>\$ 17,155</u>

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

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Mannington Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the District is to educate students in grades Pre K-8. The Mannington Township School District had an approximate enrollment at June 30, 2016 of 179.

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

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

District-wide Statements: The statement of net position and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different 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. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation: (continued)

- Program revenues include (a) 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 and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

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 budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to 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.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

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. The district currently has no capital projects and, therefore, has not included a capital projects fund.

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

PROPRIETARY FUNDS

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

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the 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. The School Age Child Care Program was eliminated in the prior year.

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

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

Food Service Fund - Equipment

12 Years

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FIDUCIARY FUNDS

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and Scholarship Funds, if any.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds. This includes a Flexible Medical Spending Plan.

C. Basis of Accounting and Measurement Focus:

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus: (continued)

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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, which 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.

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is shown on Exhibit C-2.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Encumbrance Accounting:

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. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 2013-14, 2014-15, and 2015-16 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

On District-wide financial statements and in the enterprise fund inventories 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.

J. Assets, Liabilities and Equity:

Transactions

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Assets, Liabilities and Equity: (continued)

Inventories

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016. At June 30, 2016, there was \$144 of supplies in ending inventory in the Food Service Fund.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) 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. The District receives federal commodity food for meal service provided through a vended meal contract.

Capital Assets

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2016 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

Capital assets are depreciated in the District-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

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.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Compensated Absences: (continued)

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. The remainder of the compensated absences liability is reported in the District-wide Statement of Net Position. In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

M. 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.

N. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. 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.

O. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

P. Lease Acquisition Costs:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2016.

Q. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

R. Comparative Data/Reclassifications:

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

S. Management Estimates:

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

T. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

U. Net Position:

Net Position represents the difference between assets and liabilities. Net investment 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 are reported as restricted 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.

V. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

W. 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 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.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

W. Revenues – Exchange and Non-exchange Transactions: (continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for 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 both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

X. New Accounting Standards:

The School District has adopted the following GASB statements:

- GASB No. 80 - *Blending Requirements for Certain Component Units - an Amendment of GASB No. 14*: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 80, will impact the financial statements of the School District.
- GASB No. 79 - *Certain External Investment Pools and Pool Participants*: This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 79, will impact the financial statements of the School District.
- GASB Statement No. 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*: The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78, will impact the financial statements of the School District.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

X. New Accounting Standards: (Continued)

- **GASB No. 77 - *Tax Abatement Disclosures*:** This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77, will impact the financial statements of the School District.
- **GASB No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*:** The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76, will impact the financial statements of the School District.
- **GASB No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*:** The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73, will impact the financial statements of the School District.
- **GASB No. 72 - *Fair Value Measurement and Application*:** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 72, will impact the financial statements of the School District.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

X. New Accounting Standards: (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- *GASB No. 82 - Pensions - an Amendment of GASB No. 67, No. 68 and No. 73:* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The adoption of GASB 82, will impact the financial statements of the School District.
- *GASB No. 81 - Irrevocable Split-Interest Agreements:* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The adoption of GASB 81, will impact the financial statements of the School District.
- *GASB No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions:* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75, will impact the financial statements of the School District.
- *GASB No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans:* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. The adoption of GASB 74, will impact the financial statements of the School District.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments stated at cost. All other investments are stated at fair value.

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

- 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, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2016, the District had no funds on deposit with the New Jersey Cash Management.

Deposits: N.J.S.A. 17:9-41, et seq. establish requirements for the security of deposits of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which 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.

Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office on the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, 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 Governmental Units.

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 School District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the Governmental Unit Deposit Protection Act and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2016, the School District's bank balance of \$1,081,163 was subject to custodial credit risk as follows:

Insured by Depository Insurance	\$ 250,000
Collateralized under GUDPA	<u>831,163</u>
Total	\$ <u>1,081,163</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

As of June 30, 2016, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking Accounts	\$ <u>1,015,840</u>

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Mannington Board of Education by inclusion of \$1,000 on September 12, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized 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.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)

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	\$ 67,097
Interest Earnings	102
Deposits - Approved by Resolution	<u>200,000</u>
Ending Balance, June 30, 2016	<u>\$ 267,199</u>

The balance in Capital Reserve is within the June 30, 2016 LRFP maximum balance of local support costs of uncompleted capital projects of \$306,800.

NOTE 5. OPERATING LEASES

The District leases copiers and a mailing system under operating leases. The terms of the contracts call for monthly or quarterly payments. The last payment for the copiers was made in the 2015-16 year. The District renewed the copiers lease for another five years.

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 5,856
2018	5,856
2019	5,856
2020	5,856
2021	<u>5,856</u>
Total	<u>\$ 29,280</u>

The District has the following lease payments remaining for their mailing system:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 732
Total	<u>\$ 732</u>

The total operating lease payments made during the year ended June 30, 2016 were \$4,219.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 6,207	\$ -	\$ -	\$ 6,207
Total Capital Assets not being Depreciated	6,207			6,207
Land Improvements	45,465			45,465
Building and Building Improvements	2,589,444			2,589,444
Machinery and Equipment	136,815	40,865		177,680
Totals at Historical Cost	2,771,724	40,865	-	2,812,589
Less Accumulated Depreciation for:				
Land Improvements	(33,120)	(244)		(33,364)
Building and Improvements	(1,308,042)	(110,642)		(1,418,684)
Equipment	(80,666)	(11,212)		(91,878)
Total Accumulated Depreciation	(1,421,828)	(122,098)		(1,543,926)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	1,349,896			1,268,663
Government Activities Capital Assets, Net	\$ 1,356,103	\$ -	\$ -	\$ 1,274,870
	To A-1			To A-1
Business-type Activities - Equipment	\$ 3,318			\$ 3,318
Less Accumulated Depreciation	(946)	(210)		(1,156)
Business-type Activities Capital Assets, Net	\$ 2,372	\$ (210)	\$ -	\$ 2,162

Depreciation expense was charged to governmental functions as follows:

Instruction:			
Regular		\$ 69,877	
Special Education		2,918	
Other Instruction		415	
Support Services:			
Student & Instruction Related Services		19,243	
School Administration		7,765	
General & Business Administrative Services		3,919	
Central Services		5,079	
Plant Operations and Maintenance		12,881	
Total Depreciation Expense			\$ 122,098

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectable in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts receivable as of fiscal year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Special Revenue Fund</u>
Receivables:			
Intergovernmental	\$ 14,311	\$ 2,174	\$ 47,937
	<u> </u>	<u> </u>	<u> </u>

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Serial Bonds	\$ 1,463,000	\$ 1,400,000	\$ 1,463,000	\$ 1,400,000	\$ 135,000	\$ 1,265,000
Obligations under capital lease						
Compensated absences payable	73,825		10,875	62,950	6,163	56,787
Total other liabilities	<u>\$ 1,536,825</u>	<u>\$ 1,400,000</u>	<u>\$ 1,473,875</u>	<u>\$ 1,462,950</u>	<u>\$ 141,163</u>	<u>\$ 1,321,787</u>
						To A-1

A. Bonds Payable - On April 12, 2016 the Bonds Payable issued on March 1, 2006 in the amount of \$1,400,000 were refunded.

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 135,000	23,943	\$ 158,943
2018	135,000	24,414	159,414
2019	135,000	21,809	156,809
2020	140,000	19,204	159,204
2021	140,000	16,502	156,502
2022	145,000	13,799	158,799
2023	145,000	11,001	156,001
2024	140,000	8,203	148,203
2025	145,000	5,501	150,501
2026	140,000	2,702	142,702
	<u>\$ 1,400,000</u>	<u>\$ 147,077</u>	<u>\$ 1,547,077</u>

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. GENERAL LONG-TERM DEBT (CONT'D)

B. Bonds Authorized But Not Issued - As of June 30, 2016, the District had no bonds authorized but not issued.

C. Capital Leases - As of June 30, 2016, the District had no Capital Leases.

NOTE 9. MAINTENANCE RESERVE

As of June of 2016, the balance in the maintenance reserve is \$50,000.

NOTE 10. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School 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 purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at a fair value.

For the year ended June 30, 2016, the District recognized pension expense of \$421,755 and revenue of \$421,755 for support provided by the State.

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)- The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, which equal the required contribution for each fiscal year, were as follows:

Public Employees Retirement System					
Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by District
2016	\$ 6,146	\$ 28,311	\$ 34,457	\$ N/A	\$ 34,457

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A.43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for TPAF and PERS:

Tier Definition

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/16	\$ 196,667	100 %	\$ N/A
6/30/15	152,879	100	N/A
6/30/14	131,975	100	N/A

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$89,786 to the TPAF for pension contributions and \$106,911 for normal and post-retirement benefits on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School District \$77,467 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.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10. PENSION PLANS (CONT'D)

Contributions (Continued)

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Contributions to the pension plan from the School District were \$36,302 for the fiscal year ended June 30, 2016. Employee contributions were \$17,634 for the fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$947,862 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School District's proportion was .004223%, which represents a .00001% decrease from the prior year.

For the fiscal year ended June 30, 2016, the School District recognized \$48,204 in the government-wide financial statements, for pension expense for PERS.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10. PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees' Retirement System (Continued) - At June 30, 2016, the School 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	\$ 22,613	\$
Changes of assumptions	101,793	
Net difference between projected and actual earnings on pension plan investments		15,240
Changes in proportion and differences between District contributions and proportionate share of contributions		62,142
District contributions subsequent to the measurement date	36,302	
Total	<u>\$ 160,708</u>	<u>\$ 77,382</u>

\$36,302 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS</u>
2017	\$ 9,815
2018	9,815
2019	9,815
2020	9,815
2021	9,815
Thereafter	(2,052)

Collective Balances at June 30, 2015 and 2016 are as follows:

	<u>Actuarial Valuation Date</u>	
	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$ 5,086,138,484	\$ 1,032,618,058
Collective deferred inflows of resources	\$ 478,031,236	\$ 1,726,631,532
Collective net pension liability	\$ 46,170,131,656	\$ 38,849,838,953
District's Proportion	0.0042224796%	0.0042321216%

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10. PENSION PLANS (CONT'D)

Actuarial Assumptions (Continued)

	<u>PERS</u>	<u>TPAF</u>
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Valuation Date	July 1, 2014	July 1, 2014
Interest Rate	7.90%	7.90%
Salary Scale (Based on Age):		
2012-2021	2.15% - 4.40%	Varies based
Thereafter	3.15% - 5.40%	on Experience
Inflation	3.04%	2.50%

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Preretirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Postretirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, 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.

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 Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	<u>PERS</u>		<u>TPAF</u>	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	5.00%	0.53%
U.S. Treasuries	1.75%	1.64%	1.75%	1.39%
Investment Grade Credit	10.00%	1.79%	13.50%	2.72%
Mortgages	2.10%	1.62%	2.10%	2.54%
High Yield Bonds	2.00%	4.03%	2.00%	4.57%
Inflation-Indexed Bonds	1.50%	3.25%	1.50%	1.30%
Broad US Equities	27.25%	8.52%	27.25%	5.63%
Developed Foreign Equities	12.00%	6.88%	12.00%	6.22%
Emerging Market Equities	6.40%	10.00%	6.40%	8.46%
Private Equity	9.25%	12.41%	9.25%	9.15%
Hedge Funds/Absolute Return	12.00%	4.72%	12.00%	14.57%
Real Estate (Property)	2.00%	6.83%	4.25%	3.97%
Commodities	1.00%	5.32%	1.00%	3.58%
Timber	n/a	n/a	1.00%	4.61%
Farmland	n/a	n/a	1.00%	4.61%
Global Debt ex US	3.50%	-0.40%	n/a	n/a
Real Estate (REITS)	4.25%	5.12%	n/a	n/a
Total	100%		100%	

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10. PENSION PLANS (CONT'D)

Actuarial Assumptions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the 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 rates for TPAF and PERS 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. 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 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Teachers' Pension and Annuity Fund (TPAF) - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution.

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2016 calculated using a discount rate of 4.90% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
Borough's proportionate share of the net pension liability	\$ 1,178,077	\$ 947,862	\$ 754,852

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

NOTE 11. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teacher's Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11. POST-RETIREMENT BENEFITS (CONT'D)

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 P.L. 1994 c 62. 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 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.

NOTE 12. COMPENSATED ABSENCES

The School District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". 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 school district and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, there was no liability for compensated absences in the Food Service Fund.

NOTE 13. 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, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is as follows:

Lincoln Investments
Travelers Insurance Company
ING

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 46,083	\$
Special Revenue Fund		40,822
Student Activity Fund		5,261
Total	<u>\$ 46,083</u>	<u>\$ 46,083</u>

NOTE 15. 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.

NOTE 16. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,031,126 General Fund balance at June 30, 2016, \$267,199 is restricted for Capital Reserve; \$58,661 is assigned for Encumbrances; \$50,000 was restricted as Maintenance Reserve; \$460,993 was restricted as excess surplus at June 30, 2016 in accordance with N.J.S.A. 18A:7F-7; of which \$162,388 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$174 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; and \$194,099 is unreserved and undesignated.

Debt Service Fund - The unrestricted and undesignated Debt Service fund balance at June 30, 2016 is \$5.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, 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 surplus fund balance of \$298,605 at June 30, 2016, must be budgeted in the 2017-18 budget.

NOTE 18. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 19. DEFICIT FUND BALANCES

The District has a deficit fund balance in the Special Revenue Fund of \$5,600 as of June 30, 2016 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties. The deficit of \$5,600 is equal to the 19th and 20th payments received in July 2016.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,622,935	\$	\$ 2,622,935	\$ 2,622,935	\$
Tuition from Individuals	51,500		51,500	57,000	5,500
Interest on Capital Reserve	25		25	102	77
Interest on Investments				1,612	1,612
Miscellaneous	500		500	3,590	3,090
Total - Local Sources	2,674,960		2,674,960	2,685,239	10,279
State Sources:					
Equalization Aid	33,846		33,846	33,846	
Categorical Transportation Aid	117,432		117,432	117,432	
Categorical Special Education Aid	101,080		101,080	101,080	
Categorical Security Aid	29,905		29,905	29,905	
Adjustment Aid	274,086		274,086	274,086	
Non-public Transportation				348	348
PARCC Readiness Aid	1,570		1,570	1,570	
Per Pupil Growth Aid	1,570		1,570	1,570	
On-Behalf TPAF Post Retirement Medical Contrib (non-budgeted)				106,911	106,911
On-Behalf TPAF Pension Contribution (non-budgeted)				89,786	89,786
Reimbursement TPAF Social Security (non-budgeted)				77,467	77,467
Total - State Sources	559,489		559,489	834,001	274,512
Federal Sources:					
Total - Federal Sources					
TOTAL REVENUES	3,234,449		3,234,449	3,519,240	284,791
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	16,838	8,078	24,916	24,196	720
Kindergarten	109,477	(33,474)	76,003	62,438	13,565
Grades 1-5	409,586	23,206	432,792	431,574	1,218
Grades 6-8	294,082	(8,835)	285,247	265,437	19,810
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	625	1,625	1,625	
Purchased Professional-Educational Services		2,900	2,900	2,601	299
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	26,856		26,856	7,640	19,216
Purchased Professional-Educational Services	26,100	(450)	25,650	7,700	17,950
Purchased Technical Services	44,500	(11,000)	33,500	32,255	1,245
Other Purchased Services	23,000	16,950	39,950	38,864	1,086
General Supplies	37,209	22,482	59,691	48,085	11,606
Textbooks	50,000	(625)	49,375	314	49,061
Other Objects	500	300	800	784	16
Total Regular Programs - Instruction	\$ 1,039,148	\$ 20,157	\$ 1,059,305	\$ 923,513	\$ 135,792

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES:					
Special Education - Instruction:					
Multiple Disabilities					
Salaries of Teachers	\$ 87,238		\$ 87,238	\$ 52,463	\$ 34,775
General Supplies	1,500		1,500	300	1,200
Total Multiple Disability	<u>88,738</u>		<u>88,738</u>	<u>52,763</u>	<u>35,975</u>
Resource Room/Resource Center					
Salaries of Teachers					
General Supplies					
Total Resource Room/Resource Center					
Total Special Education - Instruction	<u>88,738</u>		<u>88,738</u>	<u>52,763</u>	<u>35,975</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers					
Total Basic Skills/Remedial - Instruction					
School Sponsored Co-curricular Activities					
Purchased Services	200		385	385	
Other Objects	1,500		1,315	59	1,256
Total School Sponsored Co-curricular Activities	<u>1,700</u>		<u>1,700</u>	<u>444</u>	<u>1,256</u>
Total Instruction	<u>1,129,586</u>	<u>20,157</u>	<u>1,149,743</u>	<u>976,720</u>	<u>173,023</u>
Undistributed Expenditures:					
Instruction					
Tuition - Other LEAs Within the State - Regular	96,668		96,668	96,668	
Tuition - Other LEAs Within the State - Special	12,700		12,700	12,700	
Tuition - County Voc. School Dist. - Regular	125,000	(15,000)	110,000	89,521	20,479
Co.Spec.Services and Regional Day Schools	87,574		87,574	60,744	26,830
Tuition - Private Schools/Disabled Within State	113,280		113,280	86,830	26,450
Total Instruction	<u>435,222</u>	<u>(15,000)</u>	<u>420,222</u>	<u>346,463</u>	<u>73,759</u>
Attendance and Social Work Services:					
Salaries	2,139	175	2,314	2,314	
Total Attendance and Social Work Services	<u>\$ 2,139</u>	<u>\$ 175</u>	<u>\$ 2,314</u>	<u>\$ 2,314</u>	

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Health Services:					
Salaries	\$ 43,185	\$ 10,878	\$ 54,063	\$ 53,823	\$ 240
Purchased Professional/Technical Services	3,300		3,300	2,500	800
Supplies and Materials	1,000		1,000	649	351
Total Health Services	47,485	10,878	58,363	56,972	1,391
Speech, OT, PT and Related Services:					
Purchased Professional/Educational Services	50,415		50,415	38,478	11,937
Total Speech, OT, PT and Related Services:	50,415		50,415	38,478	11,937
Special Education - Extraordinary Services					
Salaries	82,772		82,772	80,532	2,240
Purchased Professional/Educational Services	1,000		1,000	264	736
Total Special Education - Extraordinary Services	83,772		83,772	80,796	2,976
Other Support Services-Students-Special Services:					
Salaries of Secretarial and Clerical Assistants	3,423	(175)	3,248	2,314	934
Purchased Professional/Educational Services	34,586	(10,878)	23,708	13,023	10,685
Miscellaneous Purchased Services	200		200		200
Supplies and Materials	200		200		200
Total Other Support Serv-Students-Special Services	38,409	(11,053)	27,356	15,337	12,019
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	17,756		17,756		17,756
Other Purchased Services	250		250		250
Total Improvement of Instruction Services	18,006		18,006		18,006
Educational Media Services/School Library:					
Purchased Professional/Technical Services	2,000		2,000	1,000	1,000
Supplies and Materials	500		500	43	457
Total Educational Media Services/School Library	\$ 2,500		\$ 2,500	\$ 1,043	\$ 1,457

**MANNINGTON TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Instructional Staff Training Services:					
Purchased Professional/Educational Services	\$ 2,300	\$	\$ 300	\$	\$ 300
Other Purchased Services	1,000		3,000	2,902	98
Total Instructional Staff Training Services	3,300		3,300	2,902	398
Support Services - General Administration:					
Salaries	30,552	11,635	42,187	42,128	59
Legal Fees	500	13,585	14,085	14,083	2
Audit Fees	11,700	(50)	11,650	11,643	7
Other Purchased Professional Services	18,185	(16,435)	1,750	1,750	
Communications/Telephone	6,850	(1,750)	5,100	4,743	357
Other Purchased Services	11,080	1,115	12,195	10,537	1,658
General Supplies	1,500	(1,000)	500	303	197
BOE In-House Training/Meeting Supplies	100		100		100
BOE Other Purchased Services		3,500	3,500	3,500	
Miscellaneous Expenditures	4,500	(2,100)	2,400	1,640	760
BOE Membership Dues and Fees	3,000		3,000	2,740	260
Total Support Services - General Administration	87,967	8,500	96,467	93,067	3,400
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	71,025		71,025	70,838	187
Salaries of Secretarial/Clerical Assistants	21,853		21,853	20,468	1,385
Supplies and Materials	2,000	(1,000)	1,000	66	934
Total Support Services - School Administration	94,878	(1,000)	93,878	91,372	2,506
Central Services:					
Salaries	14,038	70,000	84,038	80,725	3,313
Purchased Professional Services	62,740	(53,440)	9,300	9,205	95
Purchased Technical Services	9,200	(8,700)	500	450	50
Miscellaneous Purchased Services	300	400	700	488	212
Supplies and Materials	1,000	(200)	800	238	562
Miscellaneous Expenditures	800	(800)			
Total Central Services	88,078	7,260	95,338	91,106	4,232

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Operation and Maintenance of Plant Services:					
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve	\$	\$	\$	\$	\$
Salaries	28,155	9	28,164	28,164	
Cleaning, Repair and Maintenance Services	36,000	(8,725)	27,275	23,526	3,749
General Supplies	4,000	(1,550)	2,450	2,143	307
Total Required Maintenance for School Facilities	68,155	(10,266)	57,889	53,833	4,056
Undistributed Expenditures - Custodial Services					
Salaries	73,004	(2,959)	70,045	70,025	20
Purchased Professional/Technical Services	17,000	(2,000)	15,000	6,222	8,778
Cleaning, Repair and Maintenance Services	13,615		13,615	3,762	9,853
Insurance	13,500	(300)	13,200	12,876	324
Miscellaneous Purchased Services	500	250	750	715	35
General Supplies	7,000	4,690	11,690	10,443	1,247
Energy (Natural Gas)	28,000		28,000	13,031	14,969
Energy (Electricity)	26,500	3,310	29,810	29,810	
Total Other Operation and Maint. of Plant Services	179,119	2,991	182,110	146,884	35,226
Total Operation and Maintenance of Plant Services	247,274	(7,275)	239,999	200,717	39,282
Student Transportation Services:					
Sal. For Pupil Trans (Bet Home & School)- Reg	7,074		7,074	4,629	2,445
Other Purchased Prof. And Technical Serv.	9,880	(7,260)	2,620	150	2,470
Contracted Services (Home/School) Vendors	162,762	(158,878)	3,884	3,551	333
Contracted Services (Not Home/School) Vendors	1,450	159,112	160,562	156,935	3,627
Contracted Services (Regular Students) ESC's	17,333	(15,083)	2,250	2,245	5
Contracted Services (Special Education) ESC's	42,000	(22,467)	19,533	19,532	1
Contracted Services - Aid in Lieu of Payments- Non I	884	37,316	38,200	27,979	10,221
Total Student Transportation Services	241,383	(7,260)	234,123	215,021	19,102
Unallocated Benefits:					
Social Security Contributions	30,000		30,000	27,244	2,756
Other Retirement Contributions - PERS	40,000		40,000	37,979	2,021
Unemployment Compensation	6,800		6,800	6,795	5
Workmen's Compensation	18,860		18,860	14,821	4,039
Health Benefits	542,000	(77,103)	464,897	351,685	113,212
Tuition Reimbursement	6,350		6,350	1,935	4,415
Other Employee Benefits	12,000	20,000	32,000	31,975	25
Total Unallocated Benefits	656,010	(57,103)	598,907	472,434	126,473
On-Behalf TPAF Post Retiremt. Medical Contrib.(non-budgeted)				106,911	(106,911)
On-Behalf TPAF Non-Contrib. Insurance (non-budgeted)				89,786	(89,786)
Reimbursed TPAF Soc. Sec. Contrib. (non-budgeted)				77,467	(77,467)
Total Undistributed Expenditures	2,096,838	(71,878)	2,024,959	1,982,186	42,773
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 3,226,424	\$ (51,722)	\$ 3,174,702	\$ 2,958,906	\$ 215,796

MANNINGTON TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 25	\$	\$ 25	\$	25
Equipment					
Undist. Expend. - Required Maint for School Fac.		7,275	7,275	7,275	
Undistributed Expenditures - Instruction					
Special Education - Instruction:					
Special Schools - (All Programs)		57,104	57,104		57,104
	<u>25</u>	<u>64,379</u>	<u>64,404</u>	<u>7,275</u>	<u>57,129</u>
Facilities Acquisition and Construction Services:					
Required Maintenance for School Facilities					
Total Facilities Acquisition and Construction Services					
TOTAL CAPITAL OUTLAY	<u>25</u>	<u>64,379</u>	<u>64,404</u>	<u>7,275</u>	<u>57,129</u>
TOTAL EXPENDITURES	<u>3,226,449</u>	<u>12,657</u>	<u>3,239,106</u>	<u>2,966,181</u>	<u>272,925</u>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	<u>8,000</u>	<u>(12,657)</u>	<u>(4,657)</u>	<u>553,059</u>	<u>557,716</u>
Other Financing Sources (uses):					
Transfer to Food Service	<u>(8,000)</u>	<u>(15,000)</u>	<u>(23,000)</u>	<u>(23,000)</u>	
Total Other Financing Sources	<u>(8,000)</u>	<u>(15,000)</u>	<u>(23,000)</u>	<u>(23,000)</u>	
Excess (deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		<u>(27,657)</u>	<u>(27,657)</u>	<u>530,059</u>	<u>557,716</u>
Fund Balances, July 1	<u>557,316</u>		<u>557,316</u>	<u>557,316</u>	
Fund Balances, June 30	<u>\$ 557,316</u>	<u>\$ (27,657)</u>	<u>\$ 529,659</u>	<u>\$ 1,087,375</u>	<u>\$ 557,716</u>
<u>RECAPITULATION :</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 267,199	
Maintenance Reserve				50,000	
Excess Surplus				298,605	
Excess Surplus - Designated for Subsequent Year's Expenditures				162,388	
Assigned to Year-End Encumbrances				58,661	
Assigned Fund Balance:				174	
Unassigned Fund Balance				250,348	
				<u>1,087,375</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(56,249)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,031,126</u>	

MANNINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE 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 Favorable (Unfavorable)</u>
REVENUES:					
Federal Sources	\$ 129,481	\$ 73,318	\$ 202,799	\$ 144,562	\$
State Sources				56,001	
Other				2,236	
Total Revenues	<u>129,481</u>	<u>73,318</u>	<u>202,799</u>	<u>202,799</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	55,143	34,120	89,263	89,263	
General Supplies		19,243	19,243	19,243	
Total Instruction	<u>55,143</u>	<u>53,363</u>	<u>108,506</u>	<u>108,506</u>	
Support Services					
Salaries - Other Professional		17,719	17,719	17,719	
Employee Benefits	13,255		13,255	13,255	
Purchased Professional/Technical Services	61,083		61,083	61,083	
Supplies & Materials		2,236	2,236	2,236	
Total Support Services	<u>74,338</u>	<u>19,955</u>	<u>94,293</u>	<u>94,293</u>	
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>129,481</u>	<u>73,318</u>	<u>202,799</u>	<u>202,799</u>	
Other Financing Sources (Uses)					
Total Outflows	<u>129,481</u>	<u>73,318</u>	<u>202,799</u>	<u>202,799</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

MANNINGTON TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 3,519,240	[C-2] \$ 202,799
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.	48,411	5,241
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(56,249)	(5,600)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>3,511,402</u>	[B-2] \$ <u>202,440</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,966,181	[C-2] \$ 202,799
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ <u>2,966,181</u>	[B-2] \$ <u>202,799</u>

REQUIRED SUPPLEMENTARY INFORMATION PART III

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.00422%	0.42320%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 947,862	\$ 792,369
District's Covered-Employee Payroll	\$ 257,366	\$ 277,149
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	368.29%	285.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 36,302	\$ 34,889
Contributions in Relation to the Contractually Required Contribution	<u>(36,302)</u>	<u>(34,889)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 257,366	\$ 277,149
Contributions as a Percentage of Covered-Employee Payroll	14.11%	12.59%

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER'S PENSION PLAN

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.0109286%	0.01181835%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,907,341	\$ 6,316,522
District's Covered-Employee Payroll	\$ 1,093,431	\$ 1,080,037
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	631.71256%	584.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Township of Mannington School District

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

The School District was not required to make any contributions towards TPAF.

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION PART III**

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

Change of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Change of assumptions. 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.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	<u>NCLB</u>			<u>Sub-Total</u>	<u>Totals</u>	
	<u>Title I</u>	<u>REAP</u>	<u>Safety</u>	<u>Per</u>	<u>2016</u>	<u>2015</u>
	<u>Part A</u>	<u>Grant</u>	<u>Grant</u>	<u>E-1(2)</u>		
REVENUES:						
Federal Sources	\$ 64,236	\$ 19,243	\$	\$ 61,083	\$ 144,562	\$ 107,204
State Sources				56,001	56,001	52,410
Other			2,236		2,236	3,264
Total Revenues	<u>64,236</u>	<u>19,243</u>	<u>2,236</u>	<u>117,084</u>	<u>202,799</u>	<u>162,878</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	50,981			38,282	89,263	75,459
Other Purchased Services						
General Supplies		19,243			19,243	17,045
Total Instruction	<u>50,981</u>	<u>19,243</u>		<u>38,282</u>	<u>108,506</u>	<u>92,504</u>
Support Services:						
Salaries - Other Professionals				17,719	17,719	1,546
Employee Benefits	13,255				13,255	5,312
Purchased Professional/Technical Services				61,083	61,083	57,826
Supplies & Materials			2,236		2,236	3,264
Total Support Services	<u>13,255</u>		<u>2,236</u>	<u>78,802</u>	<u>94,293</u>	<u>67,948</u>
Facilities Acquisition/Construction:						
Instructional Equipment						2,426
Total Facilities Acquisition/Construction						<u>2,426</u>
Total Expenditures	<u>\$ 64,236</u>	<u>\$ 19,243</u>	<u>\$ 2,236</u>	<u>\$ 117,084</u>	<u>\$ 202,799</u>	<u>\$ 162,878</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	<u>Title IIA</u>	<u>Preschool Education Program</u>	<u>IDEA Part B</u>	<u>Part B Pre- School</u>	<u>Totals 2016</u>
REVENUES:					
Federal Sources	\$ 5,826		\$ 54,505	\$ 752	\$ 61,083
State Sources		56,001			56,001
Other					
Total Revenues	5,826	56,001	54,505	752	117,084
EXPENDITURES:					
Instruction:					
Salaries of Teachers		38,282			38,282
Other Purchased Services					
General Supplies					
Total Instruction		38,282			38,282
Support Services:					
Salaries - Other Professionals		17,719			17,719
Employee Benefits					
Purchased Professional/Technical Services	5,826		54,505	752	61,083
Supplies & Materials					
Total Support Services	5,826	17,719	54,505	752	78,802
Facilities Acquisition/Construction:					
Instructional Equipment					
Total Facilities Acquisition/Construction					
Total Expenditures	\$ 5,826	\$ 56,001	\$ 54,505	\$ 752	\$ 117,084

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 38,282	\$ 38,282	
Total Instruction	<u>38,282</u>	<u>38,282</u>	
Support Services:			
Salaries of Supervisors of Instruction	17,719	17,719	
Total Support Services	<u>17,719</u>	<u>17,719</u>	
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non-instructional Equipment			
Total Facilities Acquisition and Const. Services			
Contribution to Charter Schools			
Total Expenditures	<u>\$ 56,001</u>	<u>\$ 56,001</u>	

CALCULATION OF BUDGET & CARRYOVER

Total 2015-16 Preschool Education Aid Allocation	\$ 56,001	(1)
Add: Actual ECPA Carryover (June 30, 2015)		(2)
Add: Budgeted Transfer from General Fund 2015-16		(3)
Total Preschool Education Aid Funds Available for 2015-16 Budget	<u>56,001</u>	(4)
Less: 2015-16 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	<u>(56,001)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-	(6)
Add: June 30, 2016 Unexpended Preschool Education Aid	-	(7)
Less: 2015-16 Commissioner-approved Transfer to the General Fund		(8)
2015-16 Carryover - Preschool Education Aid	<u>-</u>	(9)
2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17	<u>-</u>	(10)

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services for the schools within the school district.

Internal Service Funds – This fund is used to serve organizational units within the district or to serve other governmental units.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5
AND B-6.**

MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINED SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016 AND 2015

	<u>Food Service Fund</u>	<u>Total</u>	
		<u>2016</u>	<u>2015</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 5,734	\$ 5,734	\$ 2,208
Accounts Receivable:			
State	39	39	68
Federal	2,007	2,007	2,190
Other	128	128	118
Inventory	144	144	
Total Current Assets	<u>8,052</u>	<u>8,052</u>	<u>4,584</u>
Fixed Assets:			
Equipment	3,318	3,318	3,318
Accumulated Depreciation	(1,156)	(1,156)	(946)
Total Fixed Assets	<u>2,162</u>	<u>2,162</u>	<u>2,372</u>
Total Assets	<u>10,214</u>	<u>10,214</u>	<u>6,956</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	529	529	908
Total Current Liabilities	<u>529</u>	<u>529</u>	<u>908</u>
Total Liabilities	<u>529</u>	<u>529</u>	<u>908</u>
NET POSITION:			
Investment in Fixed Assets	2,162	2,162	2,372
Unrestricted	7,523	7,523	3,676
Total Net Position	<u>\$ 9,685</u>	<u>\$ 9,685</u>	<u>\$ 6,048</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	Food Service Fund	Total	
		2016	2015
OPERATING REVENUES:			
Local Sources:			
Food Sales Reimbursable Programs	\$ 21,410	\$ 21,410	\$ 20,134
Food Sales Non-Reimbursable Programs	9,031	9,031	9,314
Total Operating Revenue	30,441	30,441	29,448
OPERATING EXPENSES:			
Cost of Sales	64,727	64,727	65,047
Salaries	24,046	24,046	23,423
Employee Benefits	4,839	4,839	1,767
General Supplies	1,217	1,217	1,183
Other Purchased Services			4
Depreciation	210	210	211
Total Operating Expenses	95,039	95,039	91,635
Operating Income/(Loss)	(64,598)	(64,598)	(62,187)
NON-OPERATING REVENUES:			
State Sources:			
State School Lunch Program	699	699	695
Federal Sources:			
National School Lunch Program	27,875	27,875	24,291
School Breakfast Program	8,008	8,008	5,683
USDA Commodities	8,653	8,653	8,783
Total Non-Operating Revenues	45,235	45,235	39,452
Fixed Asset Adjustment			(1,878)
Change in Net Position before Operating Transfers In/(Out)	(19,363)	(19,363)	(24,613)
Operating Transfer In - General Fund	23,000	23,000	26,000
Net (Loss) Income	3,637	3,637	1,387
Net Position - July 1	6,048	6,048	4,661
Net Position - June 30	\$ 9,685	\$ 9,685	\$ 6,048

MANNINGTON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2016

	Food Service Fund	Total	
		2016	2015
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 30,441	\$ 30,441	\$ 29,448
Payments to Employees	(24,046)	(24,046)	(23,423)
Payments for Employee Benefits	(4,839)	(4,839)	(1,767)
Payments to Suppliers	(66,265)	(66,265)	(65,973)
	<hr/>	<hr/>	<hr/>
Net Cash Used by Operating Activities	(64,709)	(64,709)	(61,715)
	<hr/>	<hr/>	<hr/>
Cash Flows from Noncapital Financing Activities			
Operating Transfer In-General Fund	23,000	23,000	26,000
Cash Received from State and Federal Reimbursements	45,235	45,235	39,452
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	68,235	68,235	65,452
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Cash	3,526	3,526	3,737
Cash and Cash Equivalents, July 1 (Overdraft)	2,208	2,208	(1,529)
	<hr/>	<hr/>	<hr/>
Cash and Cash Equivalents, June 30 (Overdraft)	\$ 5,734	\$ 5,734	\$ 2,208
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Operating Income (Loss)	\$ (64,598)	\$ (64,598)	\$ (62,187)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Depreciation	210	210	211
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	202	202	22
(Increase)/Decrease in Inventory	(144)	(144)	
Increase/(Decrease) in Unearned Revenue	(379)	(379)	239
	<hr/>	<hr/>	<hr/>
Total Adjustments	(111)	(111)	472
	<hr/>	<hr/>	<hr/>
Net Cash Used by Operating Activities	\$ (64,709)	\$ (64,709)	\$ (61,715)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS:		
Accounts Receivable (Jersey City)	\$ _____	\$ _____
Total Assets	\$ _____ =====	\$ _____ =====
LIABILITIES:		
Cash Overdraft	\$ _____	\$ _____
Total Liabilities	\$ _____ =====	\$ _____ =====

MANNINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES:		
Salaries - Other Instruction	\$ _____	\$ 11,809
Total Operating Revenue	_____	11,809
OPERATING EXPENSES:		
Salaries-Other Professional		7,022
Employee Benefits		4,787
Total Operating Expenses	_____	11,809
Net Income (Loss)	_____	_____
Net Position - July 1	_____	_____
Net Position - June 30	\$ _____	\$ _____

MANNINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$	\$
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities		
Change in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable		
Increase/(Decrease) in Unearned Revenue		
	_____	_____
Net Cash Provided (Used) by Operating Activities		
	_____	_____
Cash Flows from Non-capital Financing Activities:		
Cash Received from General Fund		15,266

Net Cash Provided by Non-capital Financing Activities		15,266

Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets		

Net Cash Used for Capital and Related Financing Activities		

Net Increase in Cash and Cash Equivalents		15,266

Cash and Cash Equivalents, July 1		(15,266)

Cash and Cash Equivalents, June 30 (Overdraft)	\$	\$
	=====	=====

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	<u>Student</u> <u>Activity</u>	<u>Payroll</u>	<u>Total</u>	
			<u>2016</u>	<u>2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 17,155	\$ 11,692	\$ 28,847	\$ 41,990
Total Assets	<u>\$ 17,155</u>	<u>\$ 11,692</u>	<u>\$ 28,847</u>	<u>\$ 41,990</u>
LIABILITIES AND NET POSITION:				
Liabilities:				
Due to Student Groups	\$ 11,894	\$	\$ 11,894	\$ 19,082
Due to General Fund	5,261		5,261	
Medical Reimbursement Plan		11,692	11,692	22,908
Total Liabilities	<u>\$ 17,155</u>	<u>\$ 11,692</u>	<u>\$ 28,847</u>	<u>\$ 41,990</u>

MANNINGTON TOWNSHIP 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,</u> <u>2015</u>	<u>Accounts</u> <u>Receivable</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Due to</u> <u>General</u>	<u>Balance</u> <u>June 30,</u> <u>2016</u>
Elementary School	\$ 19,082	\$	\$ 19,132	\$ 21,059	\$ 5,261	\$ 11,894
Band Account					\$	1,193
General						4,498
8th Grade						378
GenYouth Grant						1,000
Garden						1,016
Interest & Other						3,331
Fuel up to Play 60 Incentives						478
Total					\$	<u>11,894</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 22,908	\$ 1,651,674	\$ 1,662,890	\$ 11,692
	<u>\$ 22,908</u>	<u>\$ 1,651,674</u>	<u>\$ 1,662,890</u>	<u>\$ 11,692</u>
LIABILITIES:				
Net Payroll	\$	\$ 911,013	\$ 911,013	\$
Payroll Deductions and Withholdings		726,316	726,316	
Medical Reimbursement Plan	22,908	14,345	25,561	11,692
Total Liabilities	<u>\$ 22,908</u>	<u>\$ 1,651,674</u>	<u>\$ 1,662,890</u>	<u>\$ 11,692</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATION UNDER SERIAL BONDS
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Refunded</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>						
Renovations to the Elementary School	3/1/06	\$ 2,218,000			4.182%	\$ 1,463,000	\$	\$ (1,353,000)	\$ 110,000	\$ -
Refunding of Series 3/1/06 Issue - Renovations to the Elementary School	4/12/16	\$ 1,400,000	3/1/17	\$ 135,000	1.93%		1,400,000			1,400,000
			3/1/18	135,000						
			3/1/19	135,000						
			3/1/20	140,000						
			3/1/21	140,000						
			3/1/22	145,000						
			3/1/23	145,000						
			3/1/24	140,000						
			3/1/25	145,000						
			3/1/26	140,000						
						<u>\$ 1,463,000</u>	<u>\$ 1,400,000</u>	<u>\$ (1,353,000)</u>	<u>\$ 110,000</u>	<u>\$ 1,400,000</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE 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 Favorable (Unfavorable)</u>
REVENUES:					
Local Sources					
Local Tax Levy	\$ 113,116	\$	\$ 113,116	\$ 113,116	\$
State Sources					
Debt Service Aid - Type II	58,273		58,273	58,273	
Total Revenues	<u>171,389</u>		<u>171,389</u>	<u>171,389</u>	
EXPENDITURES:					
Regular Debt Service					
Redemption of Bond Principal	110,000		110,000	110,000	
Interest on Bonds	61,389		61,389	61,389	
Total Expenditures	<u>171,389</u>		<u>171,389</u>	<u>171,389</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance - July 1, 2015	5		5	5	
Fund Balance - June 30, 2016	<u>\$ 5</u>	<u>\$</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$</u>

STATISTICAL SECTION

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ (278,802)	\$ (146,614)	\$ (99,512)	\$ (176,388)	\$ (174,709)	\$ (280,504)	\$ (170,290)	\$ (133,151)	\$ (106,897)	\$ (78,130)
Restricted	416,562	300,623	308,503	194,308	201,286	296,866	236,930	111,476	274,249	772,771
Unrestricted	214,224	213,443	137,058	110,390	111,369	183,990	27,717	49,339	(718,844)	(680,522)
Total Governmental Activities Net Position	\$ 351,984	\$ 367,452	\$ 346,049	\$ 128,310	\$ 137,946	\$ 200,352	\$ 94,357	\$ 27,664	\$ (551,492)	\$ 14,119
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 5,803	\$ 5,471	\$ 5,139	\$ 4,807	\$ 7,686	\$ 7,144	\$ 5,004	\$ 4,461	\$ 2,372	\$ 2,162
Unrestricted	8,668	14,621	24,357	34,216	20,657	1,051	648	200	3,676	7,523
Total Business-Type Activities Net Position	\$ 14,471	\$ 20,092	\$ 29,496	\$ 39,023	\$ 28,343	\$ 8,195	\$ 5,652	\$ 4,661	\$ 6,048	\$ 9,685
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ (272,999)	\$ (141,143)	\$ (94,373)	\$ (171,581)	\$ (167,023)	\$ (273,360)	\$ (165,286)	\$ (128,690)	\$ (104,525)	\$ (75,968)
Restricted	416,562	300,623	308,503	194,308	201,286	296,866	236,930	111,476	274,249	772,771
Unrestricted	222,892	228,064	161,415	144,606	132,026	185,041	28,365	49,539	(715,168)	(672,999)
Total District-Wide Net Position	\$ 366,455	\$ 387,544	\$ 375,545	\$ 167,333	\$ 166,289	\$ 208,547	\$ 100,009	\$ 32,325	\$ (545,444)	\$ 23,804

Source: CAFR Schedule A-1

MANNINGTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 936,682	982,172	1,021,115	1,021,209	1,022,099	1,055,363	1,080,289	1,106,427	1,153,334	1,068,306
Special Education	191,799	198,951	208,938	226,452	195,531	166,555	174,368	173,722	90,145	55,681
Other Special Education	2,062	3,300	3,300	1,100						
Other Instruction	5,601	8,156	719	1,531	1,565	1,222	1,016	1,397	548	859
Support Services										
Tuition	519,311	563,281	531,577	599,893	366,720	434,999	417,605	527,318	507,963	346,463
Student and Instruction Related Services	257,862	268,909	292,475	323,817	332,623	366,400	351,150	326,640	294,313	298,124
General Administrative Services	104,069	96,244	95,053	94,020	53,654	57,669	57,703	65,899	84,324	100,832
School Administrative Services	52,566	46,614	48,590	48,931	98,188	92,607	90,222	107,832	94,505	95,291
Central Services	68,125	75,219	74,448	82,963	86,320	88,891	90,505	92,039	89,483	96,185
Plant Operations and Maintenance	172,627	179,771	205,318	204,116	201,174	192,824	199,831	217,577	208,516	213,598
Pupil Transportation	198,814	198,204	211,450	238,042	251,364	276,904	236,136	199,350	215,638	215,021
Employee Benefits	721,648	784,334	646,696	673,578	772,498	774,539	862,689	763,130	973,975	1,091,438
Amortization of Debt Issue Costs	1,789	1,789	1,789	1,789	1,789	1,789				
Interest on Long-Term Debt	105,633	101,421	96,477	91,704	88,505	79,596	76,053	70,214	63,995	46,791
Total Governmental Activities Expense	3,338,588	3,508,365	3,437,945	3,609,145	3,472,030	3,589,358	3,637,567	3,651,545	3,776,739	3,628,589
Business-Type Activities										
Food Service	68,026	78,045	77,179	81,222	74,830	85,586	95,512	89,404	91,635	95,039
Total Business-Type Activities Expense	68,026	78,045	77,179	81,222	74,830	85,586	95,512	89,404	91,635	95,039
Total District Expenses	\$ 3,406,614	3,586,410	3,515,124	3,690,367	3,546,860	3,674,944	3,733,079	3,740,949	3,868,374	3,723,628
Program Revenues										
Governmental Activities										
Charge for Services										
Instruction (Tuition)	\$				26,200	62,517	13,338	11,700	11,809	-
Operating Grants and Contributions	591,753	595,107	325,358	349,632	350,409	399,852	409,855	369,495	311,987	387,177
Total Governmental Activities Prog. Revenues	591,753	595,107	325,358	349,632	376,609	462,369	423,193	381,195	323,796	387,177
Business-Type Activities										
Charges for Services										
Food Service	28,772	35,105	38,291	33,657	27,767	32,591	32,622	31,008	29,448	30,441
Operating Grants and Contributions	27,767	33,561	33,292	45,092	36,383	31,000	39,944	35,905	39,452	45,235
Total Business-Type Activities Prog. Revenues	56,539	68,666	71,583	78,749	64,150	63,591	72,566	66,913	68,900	75,676
Total District Program Revenues	\$ 648,292	663,773	396,941	428,381	440,759	525,960	495,759	448,108	392,696	462,853
Net (Expense) Revenues										
Governmental Activities	\$ (2,746,835)	(2,913,258)	(3,112,587)	(3,259,513)	(3,095,421)	(3,126,989)	(3,214,374)	(3,270,350)	(3,452,943)	(3,241,412)
Business-Type Activities	(11,487)	(9,379)	(5,596)	(2,473)	(10,680)	(21,995)	(22,946)	(22,491)	(22,735)	(19,363)
Total District-Wide Net Expenses	\$ (2,758,322)	(2,922,637)	(3,118,183)	(3,261,986)	(3,106,101)	(3,148,984)	(3,237,320)	(3,292,841)	(3,475,678)	(3,260,775)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purpose, Net	\$ 2,052,703	2,131,540	2,216,802	2,305,465	2,307,927	2,311,434	2,357,663	2,404,816	2,571,505	2,622,935
Taxes Levied for Debt Service	123,574	121,775	119,974	121,173	131,178	132,367	133,422	134,346	135,137	113,116
Unrestricted Grants and Contributions	607,690	625,551	714,275	673,116	612,750	664,293	605,108	620,492	985,912	1,029,432
Restricted Grants, Tuition and Contributions										
Tuition	35,460	34,803	48,768	47,749	48,940	83,984	63,625	60,297	62,267	57,000
Investment Earnings	57,579	28,641	5,781	2,526	2,126	1,771	1,575	992	1,134	1,714
Miscellaneous Income	6,494	1,416	584	2,533	2,136	8,795	9,713	4,214	5,231	5,826
Transfers	(15,000)	(15,000)	(15,000)	(12,000)		(1,847)	(22,000)	(21,500)	(26,000)	(23,000)
Fixed Assets Adjustments	(16,465)			(98,788)		(11,402)	(17,463)			
Total Governmental Activities	2,852,035	2,928,726	3,091,184	3,041,774	3,105,057	3,189,395	3,131,643	3,203,657	3,735,186	3,807,023
Business-Type Activities										
Fixed Asset Adjustments							(1,597)		(1,878)	
Transfers	15,000	15,000	15,000	12,000		1,847	22,000	21,500	26,000	23,000
Total Business-Type Activities	15,000	15,000	15,000	12,000	-	1,847	20,403	21,500	24,122	23,000
Total District-wide	\$ 2,867,035	2,943,726	3,106,184	3,053,774	3,105,057	3,191,242	3,152,046	3,225,157	3,759,308	3,830,023
Change in Net Position										
Governmental Activities	\$ 105,200	15,468	(21,403)	(217,739)	9,636	62,406	(82,731)	(66,693)	282,243	565,611
Business-Type Activities	3,513	5,621	9,404	9,527	(10,680)	(20,148)	(2,543)	(991)	1,387	3,637
Total District-wide	\$ 108,713	21,089	(11,999)	(208,212)	(1,044)	42,258	(85,274)	(67,684)	283,630	569,248

Source: CAFR Schedule A-2

MANNINGTON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
 (UNAUDITED)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted	\$ 335,105	\$ 295,003	\$ 308,955	\$ 155,072	\$ 208,427	\$ 304,696	\$ 243,124	\$ 117,071	\$ 279,485	\$ 778,192
Assigned								1,799	27,657	58,835
Unassigned	228,405	254,673	187,444	224,560	198,249	191,493	183,833	183,766	201,763	194,099
Total General Fund	\$ 563,510	\$ 549,676	\$ 496,399	\$ 379,632	\$ 406,676	\$ 496,189	\$ 426,957	\$ 302,636	\$ 508,905	\$ 1,031,126
All Other Governmental Funds										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved, Reported in:										
Special Revenue Fund	(7,671)	(8,546)	(6,634)	(6,801)	(7,144)	(7,831)	(6,199)	(5,600)	(5,241)	(5,600)
Capital Projects Fund	105,733	19,588	8,248							
Debt Service Fund		2	2	3	3	4	5	5	5	5
Total All Other Governmental Funds	\$ 98,062	\$ 11,044	\$ 1,616	\$ (6,798)	\$ (7,141)	\$ (7,827)	\$ (6,194)	\$ (5,595)	\$ (5,236)	\$ (5,595)

Source: CAFR Schedule B-1

MANNINGTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 2,176,277	\$ 2,253,315	\$ 2,336,776	\$ 2,426,638	\$ 2,439,105	\$ 2,443,801	\$ 2,491,085	\$ 2,539,162	\$ 2,706,642	\$ 2,736,051
Tuition Charges	35,460	34,803	48,768	47,749	48,940	83,984	63,625	60,297	62,267	57,000
Interest Earnings	57,579	28,641	5,781	2,526	2,126	1,771	1,575	992	1,134	1,714
Miscellaneous	14,994	4,416	6,173	2,533	2,136	8,795	9,713	4,214	5,231	5,826
State Sources	1,070,187	1,108,415	923,030	868,221	833,126	915,976	916,374	877,243	929,991	940,078
Federal Sources	120,756	109,243	115,603	154,527	130,033	148,169	98,589	112,744	87,104	144,562
Total Revenues	3,475,253	3,538,833	3,436,131	3,502,194	3,455,466	3,602,496	3,580,961	3,594,652	3,792,369	3,885,231
Expenditures										
Instruction										
Regular Instruction	902,798	947,361	984,633	959,868	954,585	988,494	1,012,742	1,037,017	1,084,350	1,032,019
Special Education Instruction	184,861	191,823	201,468	213,892	192,712	163,762	171,547	170,823	87,264	52,763
Other Special Instruction	2,062	3,300	3,300	1,100						
Other instruction	5,398	7,947	500	1,163	1,164	825	615	985	138	444
Support Services										
Tuition	519,311	563,281	531,577	599,893	366,720	434,999	417,605	527,318	507,963	346,463
Student and Instruction Related Services	248,534	259,326	282,432	306,931	287,831	285,469	319,211	295,826	263,507	278,880
General administration	100,304	92,376	90,999	87,204	49,867	50,238	50,196	62,005	76,658	93,067
School Administrative Services	50,665	44,661	46,543	45,489	90,685	88,856	86,433	100,119	90,636	91,372
Other Administrative Services										
Central Services	65,661	72,688	71,795	78,502	81,412	84,030	85,595	86,993	84,469	91,106
Plant Operations and Maintenance	166,382	173,355	198,594	192,810	188,728	180,497	187,379	204,783	195,799	200,717
Pupil Transportation	198,814	198,204	211,450	238,042	251,364	276,904	236,136	199,350	215,638	215,021
Employee Benefits	717,013	768,044	644,626	656,868	754,428	757,196	827,594	779,580	738,838	759,853
Capital Outlay	1,292,605	99,364	15,963	31,658	10,513		29,349	28,519	9,726	7,275
Debt Service										
Principal	97,902	99,323	100,831	107,434	109,136	115,943	122,863	129,902	137,066	110,000
Interest and Other Charges	108,054	103,632	99,125	94,521	89,620	84,612	79,292	73,654	67,689	61,389
Total Expenditures	4,660,364	3,624,685	3,483,836	3,615,375	3,428,765	3,511,825	3,626,557	3,696,874	3,559,741	3,340,369
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(1,185,111)	(85,852)	(47,705)	(113,181)	26,701	90,671	(45,596)	(102,222)	232,628	544,862
Other Financing Sources (Uses)										
Bond Proceeds										
Transfers Out	(15,000)	(15,000)	(15,000)	(12,000)		(1,847)	(22,000)	(21,500)	(26,000)	(23,000)
Total Other Financing Sources (Uses)	(15,000)	(15,000)	(15,000)	(12,000)		(1,847)	(22,000)	(21,500)	(26,000)	(23,000)
Net Change in Fund Balances	\$ (1,200,111)	\$ (100,852)	\$ (62,705)	\$ (125,181)	\$ 26,701	\$ 88,824	\$ (67,596)	\$ (123,722)	\$ 206,628	\$ 521,862
Debt Service as a Percentage of										
Noncapital Expenditures	4.4%	5.6%	5.7%	5.6%	5.8%	5.7%	5.6%	5.5%	5.8%	5.1%

Source: CAFR Schedule B-2

MANNINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Misc.</u>	<u>Total</u>
2016	\$ 1,714	\$ 57,000	\$ 3,590	\$ 62,304
2015	1,134	62,267	1,967	65,368
2014	992	60,297	4,214	65,503
2013	1,575	63,625	6,787	71,987
2012	1,771	48,940	2,136	52,847
2011	2,126	48,940	2,136	53,202
2010	2,526	47,749	1,533	51,808
2009	5,781	48,768	5,173	59,722
2008	28,641	34,803	1,416	64,860
2007	47,747	35,460	14,994	98,201

Source: District Records

MANNINGTON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2016	\$ 4,461,700	\$ 71,077,900	\$ 47,313,700	\$ 7,608,300	\$ 47,638,400	\$ 34,509,600	\$ 212,609,600	\$ 458,846	\$ 213,068,446	1.346	\$ 201,503,423 *
2015	4,322,800	70,801,000	47,495,600	7,620,600	47,638,400	36,209,600	214,088,000	796,500	214,884,500	1.273	207,690,719
2014	4,240,200	71,041,000	47,705,900	7,632,300	47,885,900	37,709,600	216,214,900	475,531	216,690,431	1.25	214,068,000
2013	4,239,400	70,875,700	48,270,600	7,634,900	47,635,900	41,984,600	220,641,100	656,193	221,297,293	1.148	220,641,100
2012	4,341,400	71,591,800	48,404,200	7,557,100	48,284,100	41,984,600	222,163,200	683,136	222,846,336	1.118	225,615,111
2011	4,122,500	71,392,300	46,769,600	7,634,900	44,220,900	41,984,600	216,124,800	716,136	216,840,936	1.127	211,460,478
2010	4,397,400	71,794,100	46,640,600	7,667,000	44,902,300	41,984,600	217,386,000	921,836	218,307,836	1.117	211,460,478
2009	4,410,700	70,180,800	47,490,900	7,827,900	45,095,300	41,984,600	216,990,200	941,055	217,931,255	1.115	214,196,524
2008	3,672,000	68,437,300	47,239,500	7,592,600	45,095,300	52,645,400	224,682,100	866,372	225,548,472	1.037	211,143,852
2007	3,587,000	68,537,100	45,892,800	7,591,300	45,123,000	52,645,400	223,376,600	795,516	224,172,116	1.005	206,255,965

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

* Estimate

MANNINGTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)
(UNAUDITED)

Year Ended June 30,	Mannington Township Board of Education			Overlapping Rates			Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Mannington Township	Salem County	REAP CREDIT	
2016	\$ 1.279	\$ 0.067	\$ 1.346	\$ 0.301	\$ 1.082	\$	\$ 2.729
2015	1.209	0.064	1.273	0.301	0.949		2.523
2014	1.184	0.066	1.250	0.297	0.898		2.445
2013	1.087	0.610	1.148	0.297	0.941		2.386
2012	1.057	0.061	1.118	0.298	0.972		2.388
2011	1.066	0.061	1.127	0.288	0.919		2.334
2010	1.061	0.056	1.117	0.288	0.855		2.260
2009	1.058	0.057	1.115	0.273	0.872	-0.017	2.243
2008	0.981	0.056	1.037	0.229	0.894		2.160
2007	0.948	0.057	1.005	0.209	0.807	-0.066	1.955

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 pre-budget 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.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mannington Mills, Inc. B60/L4	\$ 33,024,200	15.50%	\$ 53,539,500	23.96%
Salem Hospital Corp B53/L4	32,400,000	15.21%	31,650,000	14.16%
Golden Rehab & Nursing	4,065,000	1.91%		
Salem Hospital Corp B53/L23	1,575,000	0.74%		
Four B'S	1,450,000	0.68%	1,875,000	0.83%
Mannington Mills, Inc. B60/L6	1,405,000	0.66%		
Coba Inc, Oreo, TD Bank N.A.	1,025,000	0.48%		
ISE America, Inc	924,100	0.43%		
Taxpayer #1	868,400	0.41%	1,553,300	0.69%
LAM Services LLC			1,000,400	0.44%
ACJM & M Enterprises			1,000,000	0.44%
Individual Taxpayer #2	866,100	0.41%	963,600	0.43%
Waldac Farms Inc.			946,400	0.42%
Inheritance Acres LLC			881,500	0.39%
Salem Farms			2,831,200	1.26%
Total	\$ 77,602,800	36.42%	\$ 96,240,900	43.02%

Source: District CAFR & Municipal Tax Assessor

MANNINGTON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2016	\$ 2,736,051	\$ 2,736,051	100%	\$
2015	2,706,642	2,706,642	100%	
2014	2,539,162	2,539,162	100%	
2013	2,491,085	2,491,085	100%	
2012	2,443,801	2,443,801	100%	
2011	2,439,105	2,439,105	100%	
2010	2,426,638	2,426,638	100%	
2009	2,336,776	2,336,776	100%	
2008	2,253,315	2,253,315	100%	
2007	2,176,547	2,176,547	100%	

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, the amount voted upon or certified prior to the end of the school year.

MANNINGTON TOWNSHIP 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	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2016	\$ 1,400,000	\$	\$	\$	\$ 1,400,000	1.87%	\$ 800
2015	1,463,000				1,463,000	1.95%	823
2014	1,563,000	37,066			1,600,066	2.14%	894
2013	1,658,000	71,968			1,729,968	2.32%	959
2012	1,748,000	104,831			1,852,831	2.50%	1,026
2011	1,833,000	135,774			1,968,774	2.75%	1,092
2010	1,913,000	164,910			2,077,910	3.40%	1,375
2009	1,993,000	192,344			2,185,344	3.68%	1,443
2008	2,068,000	218,175			2,286,175	4.07%	1,551
2007	2,143,000	242,498			2,385,498	4.38%	1,581

* Estimate

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-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b Includes Early Retirement Incentive Plan (ERIP) refunding

MANNINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$ 1,400,000	\$	\$ 1,400,000	0.695%	\$ 800 *
2015	1,463,000		1,463,000	0.704%	829
2014	1,563,000		1,563,000	0.730%	880
2013	1,658,000		1,658,000	0.751%	927
2012	1,748,000		1,748,000	0.775%	969
2011	1,833,000		1,833,000	0.867%	1,015
2010	1,913,000		1,913,000	0.876%	1,229
2009	1,993,000		1,993,000	0.915%	1,281
2008	2,068,000		2,068,000	0.917%	1,326
2007	2,143,000		2,143,000	0.956%	1,379

* Estimate

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-13.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
(UNAUDITED)

<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			
Township of Mannington	\$ 170,000		\$ 170,000
Other Debt			
County of Salem - Township's Share	40,394,432	0.0420171	1,697,256
Subtotal, Overlapping Debt			<u>1,867,256</u>
Mannington Township School District Direct Debt			<u>1,400,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 3,267,256</u></u>

Sources: Mannington Township Finance Officer and Salem County Finance Office

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 Mannington. 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.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis	
	2015	\$ 210,013,734
	2014	201,448,710
	2013	201,241,426
	[A]	\$ 612,703,870
Average Equalized Valuation of Taxable Property	[A/3]	\$ 204,234,623
Debt Limit (3% of Average Equalization Value)	[B]	6,127,039 a
Net Bonded School Debt	[C]	1,400,000
Legal Debt Margin	[B-C]	\$ 4,727,039

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 5,470,602	\$ 5,792,679	\$ 6,088,936	\$ 6,278,897	\$ 6,420,777	\$ 6,452,586	\$ 6,521,149	\$ 6,337,079	\$ 6,156,737	\$ 6,127,039
Total Net Debt Applicable to Limit	2,143,000	2,068,000	1,993,000	1,913,000	1,833,000	1,748,000	1,658,000	1,563,000	1,463,000	1,400,000
Legal Debt Margin	<u>\$ 3,327,602</u>	<u>\$ 3,724,679</u>	<u>\$ 4,095,936</u>	<u>\$ 4,365,897</u>	<u>\$ 4,587,777</u>	<u>\$ 4,704,586</u>	<u>\$ 2,643,313</u>	<u>\$ 4,774,079</u>	<u>\$ 4,693,737</u>	<u>\$ 4,727,039</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	39%	36%	33%	30%	29%	27%	25%	25%	24%	23%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2016	** 1,749	\$ 75,678,445	\$ 43,270	7.40%
2015	1,750	74,971,994	42,841	7.70%
2014	1,769	75,035,620	42,417	7.80%
2013	1,781	74,796,657	41,997	9.60%
2012	1,795	74,582,250	41,550	7.90%
2011	1,799	74,007,262	41,138	7.70%
2010	1,803	71,562,873	39,691	8.10%
2009	1,556	60,641,988	38,973	7.60%
2008	1,560	60,986,640	39,094	4.40%
2007	1,554	57,525,972	37,018	3.50%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

** Estimate

MANNINGTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Mannington Mills, Inc	610	1	36.64%	800	1	45.79%
Memorial Hospital of Salem	600	2	36.04%	570	2	32.63%
Salem County Correctional Fac.	170	3	10.21%	115	4	6.58%
Salem County VoTech School	154	4	9.25%	110	5	6.30%
Salem County Nursing Home	100	5	6.01%	119	3	6.81%
Mannington Twp School	31	6	1.86%	33	6	1.89%
	<u>1,665</u>		<u>100.0%</u>	<u>1,747</u>		<u>100.0%</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	13.3	14.5	14.8	15.2	14.8	14.8	14.8	14.8	14.8	14.6
Special Education	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Other Special Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vocational	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Instruction	6.5	6.5	7.0	7.0	5.0	5.5	5.5	5.5	5.0	4.0
Nonpublic School Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult/Continuing Education Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & Instruction Related Services	1.5	0.8	0.8	0.8	0.6	0.6	0.6	0.6	0.6	0.6
General Administrative Services	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business Administrative Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Plant Operations and Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Pupil Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Totals	30.3	30.3	31.1	31.5	28.9	29.4	29.4	29.4	27.9	27.7

Source: District Personnel Records

MANNINGTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	153	\$ 3,176,803	20,763	4.18%	21.0	1:13	153.9	147.8	-3.39%	96.04%
2008	174	3,337,366	19,180	-7.62%	21.0	1:12	172.2	164.7	11.89%	95.64%
2009	175	3,282,917	18,760	-2.19%	21.0	1:12	172.3	165.2	0.06%	95.88%
2010	188	3,413,420	18,156	-3.21%	21.0	1:11	190.3	181.6	10.45%	95.43%
2011	171	3,230,009	18,889	4.03%	20.0	1:11	177.7	170.6	-6.62%	96.00%
2012	152	3,311,270	21,785	15.33%	20.0	1:13	166.8	159.9	-6.13%	95.86%
2013	183	3,424,402	18,713	-14.10%	20.0	1:13	178.9	174.2	7.25%	97.37%
2014	178	3,493,318	19,625	4.88%	18.0	1:13	176.0	169.2	-1.62%	96.14%
2015	181	3,354,986	18,536	-5.55%	16.0	1:11	181.2	172.7	2.93%	95.33%
2016	186	3,168,980	17,038	-8.08%	16.0	1:11	183.2	175.9	1.13%	96.02%

Sources: District records, ASSA.

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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).

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
<u>Elementary</u>										
Mannington Township School(19..)										
Square Feet	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment	153	174	175	188	171	167	183	183	181	179

Number of Schools at June 30, 2016
Elementary = 1

Source: District records

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Mannington Township School	27,318	\$ 53,833	\$ 36,083	\$ 39,939	\$ 35,933	\$ 37,135	\$ 37,139	\$ 34,476	\$ 16,116	\$ 5,792	\$ 7,744
Total School Facilities		53,833	36,083	39,939	35,933	37,135	37,139	34,476	16,116	5,792	7,744
Other Facilities											
Grand Total		\$ 53,833	\$ 36,083	\$ 39,939	\$ 35,933	\$ 37,135	\$ 37,139	\$ 34,476	\$ 16,116	\$ 5,792	\$ 7,744

* Data not available for FY 2001

MANNINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group	Blanket Building & Personal Property	\$ 4,836,404	\$ 1,000
	Commercial General Liability	11,000,000	
	Commercial Inland Marine	268,025	1,000
	Boiler and Machinery	100,000,000	1,000
	Commercial Crime	100,000	1,000
	Legal Liability	5,000,000	5,000
	Pollution Liability	1,000,000	25,000
	Business Automobile	11,000,000	1,000
	Workers' Compensation	2,000,000	
Berkley Insurance Co. / McCloskey Insurance Co.	Compulsory Student Accident	1,000,000	
Markel Insurance Company	Catastrophic Student Accident Coverage		
	Maximum Benefit per Participant	5,000,000	
	Cash Benefit - Maximum Benefit	500,000	25,000
The Ohio Casualty Insurance Company	Surety Bonds		
	Board Secretary/Business Administrator	150,000	

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Mannington Township School District
County of Salem, New Jersey 08079

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the Mannington Township's basic financial statements and have issued our report thereon dated October 28, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mannington Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures 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 Mannington Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mannington Township Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 Mannington Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

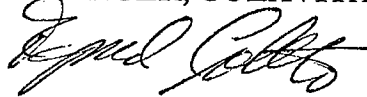
Purpose of this Report

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.

This report is intended solely for the information and use of management, the Mannington Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
October 28, 2016

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES REQUIRED BY THE UNIFORM ADMINISTRATIVE REQUIREMENTS,
COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS
(UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Mannington Township School District
County of Salem, New Jersey 08079

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Mannington Township School District's major federal and state programs for the fiscal year ended June 30, 2016. The Mannington Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Mannington Township Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred 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 as prescribed by the *Office of School Finance, Department of Education, State of New Jersey, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey Treasury Circular OMB 15-08*. Those standards, *Uniform Guidance and New Jersey Treasury Circular OMB 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 Mannington Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Opinion on Each Major Program

In our opinion, the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Mannington Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Mannington Township Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance in accordance with Uniform Guidance and New Jersey OMB's Treasury Circular 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 Mannington Township School District Board of Education's internal control over compliance.

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

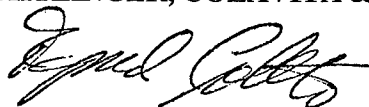
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated October 28, 2016. 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 Uniform Guidance and New Jersey Treasury Circular OMB 15-08.

This report is intended solely for the information and use of the audit committee, management, the Mannington Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant

No. 915
October 28, 2016

**TOWNSHIP OF MANNINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT K-3

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From	To	Balance at June 30, 2015			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	Balance at June 30, 2016		
							Accounts Receivable	Unearned Revenue	Due to Grantor						Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Education																	
Passed-through State Department of Education:																	
Special Revenue Fund:																	
Title I, Part A	84.010A	S010A150030	NCLB-2950-16	64,236	7/1/15	6/30/16					\$ 30,588	(\$64,236)		(\$64,236)	(\$33,648)		
Title II, Part A	84.367A	S367A150029	NCLB-2950-16	5,826	7/1/15	6/30/16					5,826	(5,826)		(5,826)			
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA-2950-16	54,505	7/1/15	6/30/16					40,968	(54,505)		(54,505)	(13,537)		
I.D.E.A. Part B, Pre-School	84.173	H173A150114	IDEAPS-2950-16	752	7/1/15	6/30/16						(752)		(752)	(752)		
Rural Education Achievement Prog	84.358A	S358A143425	S358A143425	19,243	7/1/15	9/30/16					19,243	(19,243)		(19,243)			
Rural Education Achievement Prog	84.358A	S358A133425	S358A133425	19,471	7/1/14	9/30/15	(16,430)				16,430						
Total Special Revenue Fund							(16,430)				113,055	(144,562)		(144,562)	(47,937)		
U.S. Department of Agriculture																	
Passed-through State Department of Education:																	
Enterprise Fund:																	
Food Distribution Program	10.565	Unknown	N/A	8,653	7/1/15	6/30/16					8,653	(8,653)		(8,653)			
National School Breakfast Program	10.553	16161NJ304N1099	N/A	5,683	7/1/14	6/30/15	(441)				441			(441)			
National School Breakfast Program	10.553	16161NJ304N1099	N/A	8,008	7/1/15	6/30/16					7,573	(8,008)		(8,008)	(435)		
National School Lunch Program	10.555	16161NJ304N1099	N/A	24,291	7/1/14	6/30/15	(1,749)				1,749			(1,749)			
National School Lunch Program	10.555	16161NJ304N1099	N/A	27,875	7/1/15	6/30/16					26,303	(27,875)		(27,875)	(1,572)		
Total Enterprise Fund							(2,190)				44,719	(44,536)		(44,536)	(2,007)		
Total Federal Financial Awards							(\$18,620)				\$157,774	(\$189,098)		(\$189,098)	(\$49,944)		

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

These funds were not audited in accordance with the Uniform Guidance since the total of all grant expenditures did not exceed \$750,000.

TOWNSHIP OF MANNINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015 Accounts Receivable	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balances at June 30, 2016			MEMO	
			From	To					(Accounts Receivable)	Unearned Revenue	Due to Grantor		Budgetary Receivable
State Department of Education													
General Fund:													
Equalization Aid	16-495-034-5120-078	\$ 33,846	7/1/15	6/30/16			\$ 30,443	(\$33,846)					
Equalization Aid	15-495-034-5120-078	33,846	7/1/14	6/30/15	(\$2,928)		2,928		(\$3,403)		*	(\$3,403)	
Transportation Aid	16-495-034-5120-014	117,432	7/1/15	6/30/16			105,626	(117,432)				(11,806)	
Transportation Aid	15-495-034-5120-014	117,432	7/1/14	6/30/15	(10,161)		10,161				*	(11,806)	
Special Education Categorical Aid	16-495-034-5120-089	101,080	7/1/15	6/30/16			90,918	(101,080)				(10,162)	
Special Education Categorical Aid	15-495-034-5120-089	101,080	7/1/14	6/30/15	(\$8,746)		8,746				*	(10,162)	
Security Aid	16-495-034-5120-084	29,905	7/1/15	6/30/16			26,898	(29,905)				(3,007)	
Security Aid	15-495-034-5120-084	29,905	7/1/14	6/30/15	(\$2,588)		2,588				*	(3,007)	
Adjustment Aid	16-495-034-5120-085	274,086	7/1/15	6/30/16			246,531	(274,086)				(27,555)	
Adjustment Aid	15-495-034-5120-085	274,086	7/1/14	6/30/15	(23,716)		23,716				*	(27,555)	
PARCC Readiness Aid	16-495-034-5120-098	1,570	7/1/15	6/30/16			1,412	(1,570)				(158)	
PARCC Readiness Aid	15-495-034-5120-098	1,570	7/1/14	6/30/15	(136)		136				*	(158)	
Per Pupil Growth Aid	16-495-034-5120-097	1,570	7/1/15	6/30/16			1,412	(1,570)				(158)	
Per Pupil Growth Aid	15-495-034-5120-097	1,570	7/1/14	6/30/15	(136)		136				*	(158)	
Non-public Transportation	16-495-034-5120-014	348	7/1/15	6/30/16				(348)			*	(348)	
Non-public Transportation	15-495-034-5120-014	174	7/1/14	6/30/15	(174)		174				*	(348)	
Reimbursed TPAF SS Contribution	16-495-034-5094-003	77,467	7/1/15	6/30/16			77,467	(77,467)			*	(77,467)	
Total General Fund													
					(48,585)		629,292	(637,304)	(56,597)			(56,249)	(637,304)
Special Revenue Fund:													
Preschool Education Aid	16-495-034-5120-086	56,001	7/1/15	6/30/16			50,401	(56,001)				(5,600)	
Preschool Education Aid	15-495-034-5120-086	52,410	7/1/14	6/30/15	(5,241)		5,241				*	(5,600)	
Total Special Revenue Fund													
					(5,241)		55,642	(56,001)	(5,600)			(5,600)	(56,001)
Debt Service Fund:													
Debt Service Aid Type II	16-495-034-5120-017	58,273	7/1/15	6/30/16			58,273	(58,273)			*	(58,273)	
State Department of Agriculture													
Enterprise Fund:													
State School Lunch Program	16-100-010-3350-023	699	7/1/15	6/30/16			660	(699)			*	(699)	
State School Lunch Program	15-100-010-3350-023	695	7/1/14	6/30/15	(68)		68					(699)	
Total Enterprise Fund													
					(68)		728	(699)	(39)			(699)	
Total State Financial Assistance Subject to OMB 15-08													
					(\$53,894)		\$743,935	(\$752,277)	(\$62,236)			(\$61,849)	(\$752,277)
State Financial Assistance Not Subject to OMB 15-08:													
On-Behalf TPAF Post Retirement Medical	16-495-034-5094-001	106,911	7/1/15	6/30/16			\$106,911	(\$106,911)					
On-Behalf TPAF Pension Contribution	16-495-034-5094-006	89,786	7/1/15	6/30/16			89,786	(89,786)					
Total State Financial Assistance													
							\$940,632	(\$948,974)					

See accompanying notes to schedules of financial assistance

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Mannington Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey Treasury Circular OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.*, 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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 one or more state June aid payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,838) for the general fund and \$(329) for the special revenue fund. See Note 2 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2016

(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 826,163	\$ 826,163
Special Revenue Fund	164,662	55,642	220,304
Debt Service		58,273	58,273
Food Service Fund	<u>44,536</u>	<u>699</u>	<u>45,235</u>
Total Financial Assistance	\$ <u>209,198</u>	\$ <u>940,777</u>	\$ <u>1,149,975</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Mannington School District had no federal or state loan balances outstanding at June 30, 2016.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

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

Federal Awards N/A

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? _____ yes X no

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	-----------------------	---

N/A

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section I - Summary of Auditor's Results (continued)

State Awards

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

Auditee qualified as low-risk auditee? X yes no

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-098	PARCC Readiness
16-495-034-5120-014	Transportation Aid

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

Finding: None

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

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

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Treasury Circular Letter 15-08, as applicable, for State Financial Assistance.

FEDERAL AWARDS

Finding: NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Treasury Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.

BOARD OF EDUCATION
TOWNSHIP OF MANNINGTON SCHOOL DISTRICT
COUNTY OF SALEM
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

TOWNSHIP OF MANNINGTON SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Auditor's Management Report on Administrative Findings - Financial, Compliance, and Performance	1
Scope of Audit	2
Administrative Practices and Procedures:	
Insurance	2
Official's Bonds	2
Tuition Charges	2
District Internal Control Policies	2
Financial Planning, Accounting and Reporting:	
Examination of Claims	2
Certification of Income Tax Compliance	2
Payroll Account and Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Obligations of federal grant awards and requests for reimbursement of expenditures against those federal grants awards	3
Classification of Expenditures	3
General Classifications	3
Administrative Classification	3
Board Secretary's Records	4
Treasurer's / Board Designee Records	4
Elementary and Secondary Education Act/Improving America's Schools Act as reauthorized by the No Child Left Behind Act of 2001	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	5
School Purchasing Programs:	
Contracts and Agreements Requiring Advertisement for Bids	5-6
School Food Service	6-7
Student Body Activities	7
Unemployment Compensation Insurance Trust Fund	8
Application for State School Aid	8
Pupil Transportation	8
Facilities and Capital Assets	8
Follow-up on Prior Year Findings	8
Acknowledgment	9
Schedule of Audited Enrollments	10-12
Excess Surplus Calculation	13-14

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

October 28, 2016

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE, AND PERFORMANCE

Honorable President and
Members of the Board of Education
Township of Mannington School District
County of Salem
Salem, New Jersey 08079

We have audited, in accordance with generally accepted audit standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of Mannington School District in the County of Salem for the year ended June 30, 2016, and have issued our report thereon dated October 28, 2016.

As part of our audit, we performed procedures required by the District of Administration and Finance, New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is issued in conjunction with the Comprehensive Annual Financial Report of the Board of Education of the Township of Mannington School District for the fiscal year ending June 30, 2016 and is intended for the information of the School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and District personnel entrusted with duties formally under the auspices of the Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the District's CAFR

Official's Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Karen Mathews	School Board Administrator/Board Secretary	\$150,000

Tuition Charges

These charges represent payments from parents of students not residing in the School District. In addition, there were no tuition students from billings to sending Districts for the year under audit per N.J.A.C. 6A:23A-17.1(f) 3.

District Internal Control Policies

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. N.J.A.C. 6A:23A-6.4 requires that the District's internal control policies include specific requirements at N.J.A.C. 6A:23A-6.5 through 6.13.

All Internal Control Policies were found in accordance with N.J.A.C.6A:23A-6.5 through 6.13.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury was filed by the March 15 due date.

Financial Planning, Accounting and Reporting (Continued)

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2016 for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for proprietary and to determine that goods were received and services were rendered as of June 30, 2016.

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grants Awards - No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings - NONE

B. Administrative Classification Findings - NONE

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary's monthly financial reports was included in the minutes.

Monthly financial certificates of the Board Secretary and Board of Education for positive line item account status certifications (N.J.A.C. 6:2-2.13) were performed. Budgetary line item account transfers were approved monthly to cover any anticipated deficits.

Purchase orders were charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public School.**

Treasurer's / Board Designee Records

The Board Designee prepared cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A.18A:17-9.

All cash receipts were promptly deposited (N.J.S.A.18A:17-34, 18A:17-9.1).

The Board Designee filed her reports in a timely manner.

Elementary and Secondary Education Act (E.S.E.A)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001 (NCLB)

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the **CAFR**. This section of the **CAFR** documents the financial position pertaining to the projects under Title I and Title VI of the Elementary and Secondary School Improvement Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedule A and Schedule B located in the **CAFR**.

Our audit of the federal and state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the **CAFR**. This section of the **CAFR** documents the financial position pertaining to the aforementioned special projects. The study of compliance for special projects indicated no areas of noncompliance.

Financial Planning, Accounting and Reporting (Continued)

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature website at: http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800 for 2015-2016.

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, amended.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977; therefore, the extent of such purchases could not reasonably be ascertained. Our examination revealed purchases made through the use of State contracts for the following:

Office Supplies

Classroom Supplies

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract over the statutory threshold amount of \$5,400, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered. Our examination indicated that the Board of Education complied with these provisions.

School Food Service

The School District expended less than \$100,000 in Federal and/or State Support for its Child Nutrition Program. The financial transactions and statistical records of the School Food Service were maintained in satisfactory condition. The financial accounts, meal and milk count records and eligibility applications were reviewed on a test-check basis.

The number of meals and milks claimed for reimbursement was verified against sales and meal count records. As part of the claims review process, the edit check worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

The number of meals claimed agreed with meal count records, as detailed in the Schedule of Meal Count Activity.

Applications for free and reduced price meals and free milks were reviewed for completeness and accuracy. The number of free and reduced price meals and free milks claimed as served for the entire school year did not exceed the number of valid applications on file and/or to the list of directly certified students, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system, which encompasses only one site that was examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

School Food Service (Cont'd)

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records are maintained by Salem City Board of Education as part of the vended meal service agreement with the District.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food service employees authorized by the Board of Education.

The cash disbursements records reflected expenditures for program related goods and services. The District, which has a vended meal service contract with the Salem City School District, is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. In accordance with AICPA Statement on Auditing Standards (SAS) #70, as amended by SAS #88 and SSAE No. 16, a report on the Food Service Management Company's control structure, policies and procedures was received. This audit was performed by an independent audit firm. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service operation and the Non-Program Food Revenue tool was utilized. Net cash resources did not exceed three months average expenditures.

USDA Food Distribution Program commodities allocated to the Township of Mannington School District are received and stored by the Salem City School District as part of its vended meal agreement and used in the meal preparation for Mannington School. A single inventory was maintained by the Salem City School District on a first-in, first-out basis. Ending Inventory of \$144 in supplies was kept at the Township of Mannington School District. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the **CAFR**.

Student Body Activities

The Board has a policy, which clearly established the regulation of student activity funds.

All receipts were promptly deposited.

A monthly report of student activity funds is being submitted to the Board.

Cash receipts and disbursements books were maintained in good condition.

Receipts appeared to be deposited promptly in the bank.

Vouchers and supporting invoices were maintained for the student activity fund purchases. All disbursements appeared to be supported by appropriate documentation.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollment.

The District maintained workpapers on the prescribed state forms or their equivalent. The District written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015-16 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with one exception. The DRTRS Eligibility Summary Report was compared to the County Summary Report. All items were in agreement. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the EDA grant agreements, if any, for consistency with recording EDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

There were no EDA grant agreements for the fiscal year ending June 30, 2016.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings.

Acknowledgment

We received the complete cooperation of all the officials of the School District, and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read "Raymond Colavita". The signature is written in a cursive style with a large initial "R" and "C".

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

SCHEDULE OF AUDITED ENROLLMENTS

**MANNINGTON SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	2016-2017 APPLICATION FOR STATE SCHOOL AID						SAMPLE FOR VERIFICATION						PRIVATE SCHOOLS FOR DISABLED			
	Reported On A.S.S.A. On Roll		Reported On Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported On A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day PS (4 Yr. Olds)	12		12					8		8						
Full Day Kindergarten	14		14					12		12						
One	17		17					12		12						
Two	20		20					11		11						
Three	21		21					11		11						
Four	18		18					10		10						
Five	16		16					11		11						
Six	17		17					9		9						
Seven	14		14					11		11						
Eight	20		20					8		8						
Nine																
Ten																
Eleven																
Twelve																
Subtotal	169	0	169	0	0	0		103	0	103	0	0	0	0	0	0
Special Ed - Elementary	10		10					4		4						
Special Ed - Middle	7		7					5		5						
Special Ed - High													2	1	1	
Subtotal	17	0	17	0	0	0		9	0	9	0	0	0	2	1	1
Totals	186	0	186	0	0	0		112	0	112	0	0	0	2	1	1
Percentage Error					0.00%	0.00%							0.00%	0.00%		0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**MANNINGTON SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported On A.S.S.A. as Low Income	Reported On Workpapers as Low Income	Errors	Sample Selected From Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected From Workpapers	Verified to Test Score and Register	Sample Errors
Full Day PS (4 Yr. Olds)												
Full Day Kindergarten	6	6		4	4							
One	3	3		3	3							
Two	5	5		4	4							
Three	7	7		3	3							
Four	4	4		4	4							
Five	5	5		3	3							
Six	4	4		3	3							
Seven	4	4		3	3							
Eight	5	5		1	1							
Nine												
Ten												
Eleven												
Twelve												
Subtotal	43	43	0	28	28	0	0	0	0	0	0	0
Special Ed - Elementary	6	6		3	3							
Special Ed - Middle	3	3		1	1							
Special Ed - High												
Subtotal	9	9	0	4	4	0	0	0	0	0	0	0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	52	52	0	32	32	0	0	0	0	0	0	0
Percentage Error		0.00%			0.00%							

TRANSPORTATION								
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	Re-Calculated
Reg. - Public Schools	149	149		93	93			
Reg. - Special Ed.	15	15		9	9			
Transported - Non-Public	0	0						
Aid in Lieu - Non Public	2	2		1	1			
Special Needs - Public	8	8		5	5			
Totals	174	174	0	108	108	0		
Percentage Error					0.00%			
							Avg. Mileage - Regular Including Grade PK students	4.8
							Avg. Mileage - Regular Excluding Grade PK students	4.8
							Avg. Mileage - Special Ed with Special Needs	10.3

SCHEDULE OF AUDITED ENROLLMENTS

MANNINGTON SCHOOL DISTRICT
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On</u> <u>A.S.S.A. as</u> <u>NOT Low</u> <u>Income</u>	<u>Report On</u> <u>Workpapers as</u> <u>NOT Low</u> <u>Income</u>	<u>Errors</u>	<u>Sample</u> <u>Selected From</u> <u>Workpapers</u>	<u>Verified to</u> <u>Application</u> <u>and Register</u>	<u>Sample</u> <u>Errors</u>
Full Day Preschool						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Subtotal	0	0	0	0	0	0
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	0	0	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	0	0	0	0	0	0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2015-16 Total General Fund Expenditures per the CAFR	\$ <u>2,966,181</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u> </u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u> </u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	<u> </u> (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u> </u> (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>274,164</u> (B2a)
Assets Acquired Under Capital Leases	<u> </u> (B2b)
 Adjusted 15-16 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>2,692,017</u> (B3)
 2% of Adjusted 2015-16 General Fund Expenditures [(B3) times .02]	 <u>53,840</u> (B4)
Enter Greater of (B4) or \$250,000	<u>250,000</u> (B5)
Increased by: Allowable Adjustment*	<u>348</u> (K)
 Maximum Unassigned Fund Balance[(B5)+(K)]	 \$ <u>250,348</u> (M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2016 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>1,087,375</u> (C)
Decreased by:	
Year-end Encumbrances	<u>58,661</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u> </u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>162,388</u> (C3)
Other Restricted Fund Balances****	<u>317,199</u> (C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	<u>174</u> (C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 \$ <u>548,953</u> (U1)

SECTION 3

Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 298,605 (E)

Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>162,388</u> (C3)
Reserved Excess Surplus ***[(E)]	<u>298,605</u> (E)
 Total Excess Surplus [(C3) + (E)]	 \$ <u>460,993</u> (D)

MANNINGTON TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Federal Impact Aid	\$ _____	(H)
Sale & Lease-Back	_____	(I)
Extraordinary Aid	_____	(J1)
Additional Nonpublic School Transportation Aid	_____	(J2)
Current Year School Bus Advertising Revenue Recognized	_____	(J3)
Family Crisis Transportation Aid	_____	(J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$ <u>348</u>	(K)

- ** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031. This amount was to be appropriated in the 2016-17 general fund budget.
- *** Amounts must agree to the June 30, 2016 CAFR and must agree to Audit Summary Worksheet Line 90030.
- **** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance and Regulatory Compliance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	_____
Capital reserve	_____
Maintenance reserve	_____
Emergency Reserve	_____
Tuition reserve	_____
School Bus Advertising 50% Fuel Offset Reserve - Current Year	_____
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	_____
Impact Aid General Fund Reserve (Sections 8007 and 8008)	_____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____
Other state/government mandated reserve	_____
[Other Restricted Fund Balance not noted above] ****	_____
Total Other Restricted Fund Balance	\$ <u>317,199</u> (C4)



SIGNATURE OF PUBLIC SCHOOL ACCOUNTANT - No. 915