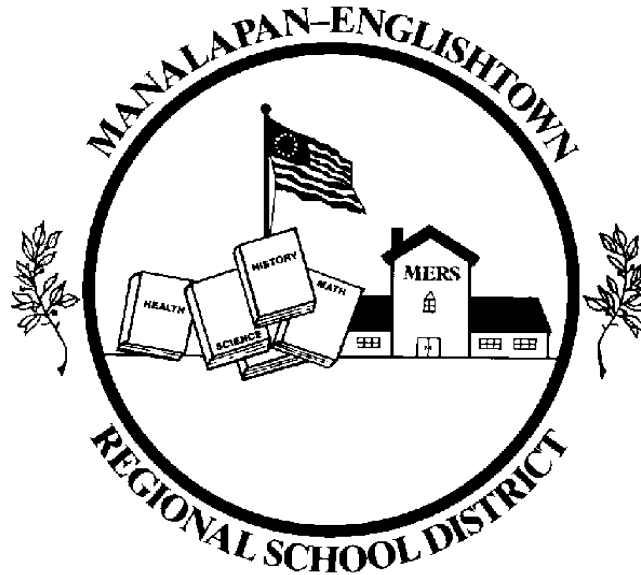


MANALAPAN - ENGLISHTOWN

REGIONAL SCHOOLS



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

June 30, 2017

**MANALAPAN-ENGLISHTOWN SCHOOL DISTRICT
ENGLISHTOWN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

Prepared by

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

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INTRODUCTORY SECTION



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

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

Veronica Wolf
Board Secretary

BUSINESS OFFICE

Veronica Wolf
*Business Administrator/
Board Secretary*

Sharon Silvia
*Assistant Business Administrator/
Assistant Board Secretary*

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

November 8, 2017

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

Dear Board Members/Citizens:

It is with pleasure we submit the Comprehensive Annual Financial Report (CAFR) of the Manalapan-Englishtown Regional School District for the fiscal year ended June 30, 2017. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with Management of the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities, including the Management's Discussion and Analysis have been included.

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

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

SCHOOL DISTRICT ORGANIZATION

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

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

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

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

Ad-hoc advisory committees composed of representatives from the community; administration, PTA's, PTO's and Booster Club and the Township and Borough are sometimes formed to provide the Board of Education with information and input on specific issues. In the 2016-17 school year the Board of Education did not have a specific Ad-Hoc committee, although the district did seek input from community members and the PTA's regarding curriculum program offerings, a possible referendum and changes in transportation.

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

To maintain communication with the various constituent groups, the District mainly utilizes its web site. The website is updated regularly with important information for parents, such as school closures, delayed openings, medical/health alerts, new curriculum initiatives, and more. Budget information, while available on the web site, is also presented to the township committee and borough council. The District also communicates with parents via West Interactive (School Messenger), a system that provides both phone and e-mail contact options. The ability to contact the entire parent population within 20 minutes about changes in the school day, i.e., early closure, or to be able to update them in an emergency situation, is a vital component in insuring that our communication efforts are timely, accurate, and effective.

EDUCATIONAL PROGRAM

Each of the schools in the district follows the district-wide goals and educational approaches to the teaching of children, while maintaining a unique personality that makes up that particular school. The transition from the Common Core State Standards in Language Arts and Mathematics to the New Jersey Student Learning Standards began in 2015-16 and will be completed by September of 2017.

In July 2016, the New Jersey Department of Education released its yearly Taxpayers' Guide to Education Spending for all school districts in the State. The guide compares districts with those who are similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This reports shows that the district spends \$14,695 per pupil while the average costs for similar districts are \$15,901. Of the 79 K-8 school districts in the state with enrollments exceeding 751 children, Manalapan-Englishtown Regional ranked 25th lowest in total cost per pupil.

The following table presents the actual historical pupil enrollment, as of October 15, for the school years 2007-08 through 2016-17.

School Year	As of October 15
2007-08	5,471
2008-09	5,454
2009-10	5,364
2010-11	5,188
2011-12	5,161
2012-13	5,136
2013-14	5,027
2014-15	5,108
2015-16	4,992
2016-17	4,987

ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

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

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

MAJOR INITIATIVES

The District has completed several phases of its One to One Digital Conversion Initiative. In September of 2015, the initiative was fully implemented. Every student in grades six through eight have a Chromebook for use both in and outside of school and each fifth grade class has been supplied with a Chromebook cart. During the 2016-2017 school year additional Chromebook carts were introduced in the fourth grade with the intent to have one in each class by September 2019.

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

- Fire Proofing upgrade at the Manalapan-Englishtown Middle School
- Dry Suppression System Installation and HVAC Upgrades at the Manalapan-Englishtown Middle School and Wemrock Brook Elementary School
- HVAC upgrades at Milford Brook, Clark Mills, Taylor Mills and Manalapan-Englishtown Middle School
- The installation of AC in the Milford Brook cafeteria and media center was started.

INTERNAL CONTROLS

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

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

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

BUDGETARY CONTROLS

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

CASH MANAGEMENT

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

RISK MANAGEMENT

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

INDEPENDENT AUDIT

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

ACKNOWLEDGMENTS

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

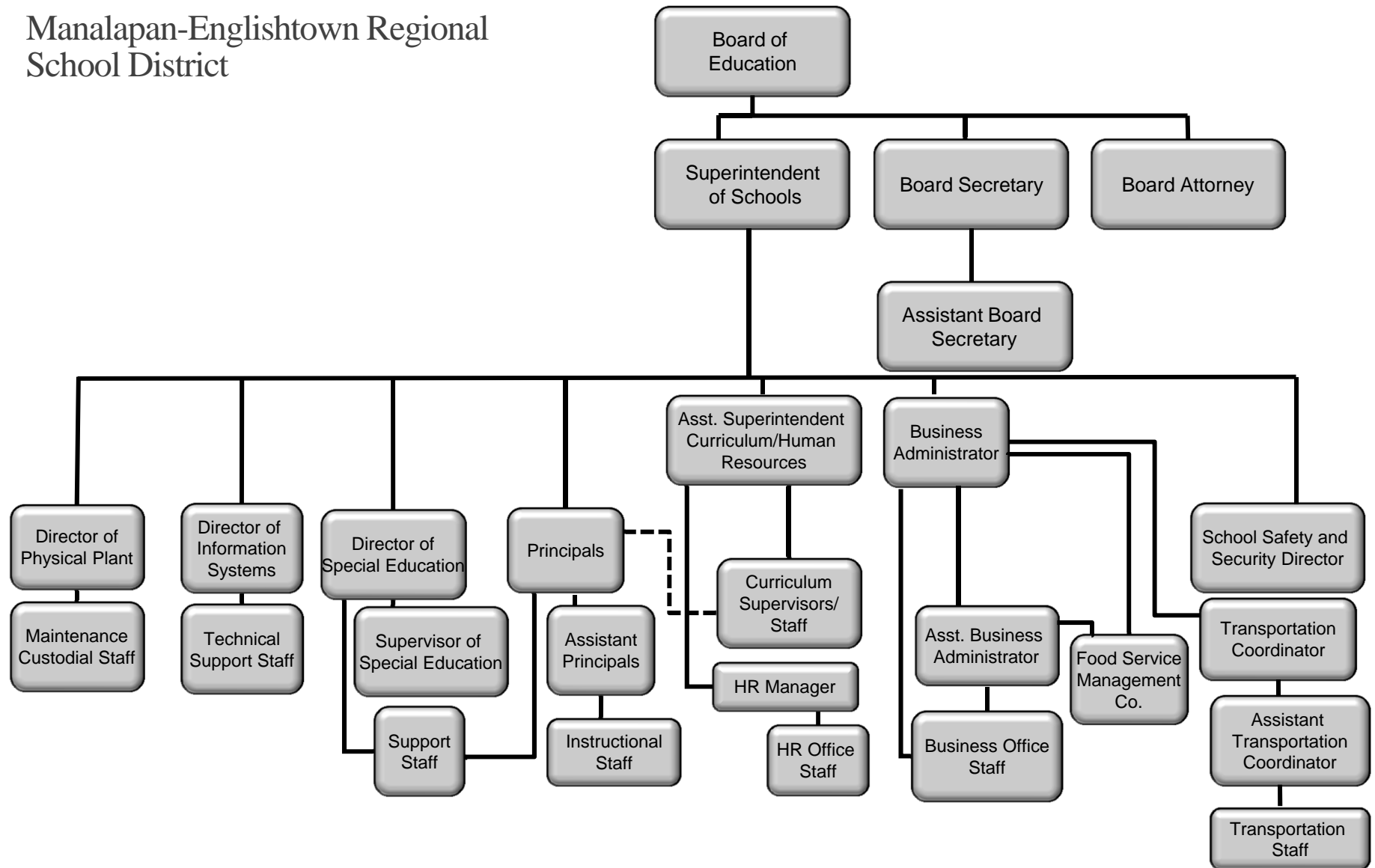
Respectfully submitted,

The image shows two handwritten signatures in blue ink. The signature on the left is for John J. Marciante, Jr., Ph. D., and the signature on the right is for Veronica Wolf.

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

Veronica Wolf
Board Secretary/School Business Administrator

Manalapan-Englishtown Regional School District



MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

ENGLISHTOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dotty Porcaro, President	2017
Joe Tringali, Vice President	2019
Brian Graime	2017
Annamarie Galante	2018
Gerald Bruno	2019
Lori Semel	2018
Michele Stipelman	2017
Joanne Schechter	2018
Christine Parisi	2019

Other Officials

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

Veronica Wolf, Business Administrator/Board Secretary

Sharon Silvia, Assistant Business Administrator/Assistant Board Secretary

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

MANALAPAN-ENGLISHTOWN BOARD OF EDUCATION

Consultants and Advisors

June 30, 2017

Architect

Fraytak, Veisz, Hopkins, Duthie PC.
1515 Lower Ferry Road
Trenton, New Jersey 08618

Audit Firm

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

Attorney

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

Official Depository

PNC Bank
109 Route 9
Marlboro, New Jersey 07726

Financial Advisor

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

Bond Council

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 14 and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

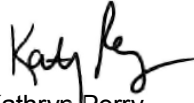
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2017 on our consideration of the Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey's internal control over financial reporting and compliance.

Respectfully submitted,

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



Kathryn Perry
Licensed Public School Accountant
No. CS 20CS00226400

Toms River, New Jersey
November 8, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

The Discussion and Analysis (MD&A) of Manalapan-Englishtown Regional School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ❖ In total, Net Position of governmental activities increased \$300,561, which represents a .97% increase from 2016. Net Position of business-type activities increased \$130,243, which represents a 17.09% increase from 2016.
- ❖ General revenues accounted for \$80,768,649 in revenue or 90.15% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$8,829,045 or 9.85% of total revenues of \$89,597,694.
- ❖ Total assets of governmental activities decreased by \$1,116,351 as cash and cash equivalents increased by \$497,153, receivables decreased by \$202,627, net capital assets decreased by \$1,410,877, and other assets increased by \$10,685,405.
- ❖ The District had \$89,297,133 in governmental activity expenses; only \$8,829,045 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$80,768,649 were adequate to provide for these programs.
- ❖ In the governmental funds, the general fund had \$88,239,074 in revenues and \$87,691,225 in expenditures. The general fund's fund balance increased \$547,849 over 2016.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)

Proprietary Fund

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 35 to 59 of this report.

The School District as a Whole

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

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

Table 1 provides a summary of the school district's Net Position for 2017 and 2016.

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Assets				
Current and Other Assets	\$ 13,845,165	\$ 13,550,639	\$ 737,823	\$ 622,396
Capital Assets, Net	94,186,275	95,597,152	206,440	229,272
Total Assets	<u>\$ 108,031,440</u>	<u>\$ 109,147,791</u>	<u>\$ 944,263</u>	<u>\$ 851,668</u>
Deferred Outflows				
Deferred outflows - PERS	\$ 15,766,473	\$ 4,883,912		
Bond Issuance Costs, net	-	197,156	\$ -	\$ -
Total Deferred Outflows	<u>\$ 15,766,473</u>	<u>\$ 5,081,068</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Long-term Liabilities	\$ 84,980,484	\$ 75,954,965	\$ -	\$ -
Other Liabilities	4,132,046	6,153,382	51,944	89,592
Total Liabilities	<u>\$ 89,112,530</u>	<u>\$ 82,108,347</u>	<u>\$ 51,944</u>	<u>\$ 89,592</u>
Deferred Inflows				
Deferred inflows - PERS	\$ 455,938	\$ 1,165,414	\$ -	\$ -
Deferred bond issuance costs, net	2,973,786	-	-	-
Total Deferred Inflows	<u>\$ 3,429,724</u>	<u>\$ 1,165,414</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position				
Net Investment in Capital				
Assets	\$ 55,084,790	\$ 54,992,019	\$ 206,440	\$ 229,272
Restricted	12,426,296	11,886,877	-	-
Unrestricted	(36,255,427)	(35,923,798)	685,879	532,804
Total Net Position	<u>\$ 31,255,659</u>	<u>\$ 30,955,098</u>	<u>\$ 892,319</u>	<u>\$ 762,076</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED (CONTINUED)

The district's combined Net Position was \$32,147,978 on June 30, 2017. This was an increase of \$430,804, 1.36% from the prior year after the prior period adjustment was recorded.

Table 2 shows the changes in Net Position from fiscal year 2017 and fiscal year 2016.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues				
Program Revenues:				
Charges for Services	\$ 37,215	\$ 22,326	\$ 1,592,432	\$ 1,613,078
Operating Grant & Contributions	8,791,830	8,234,480	425,389	467,434
General Revenues:				
Property Taxes	61,707,673	60,061,447	-	-
Grants and Entitlements	19,138,157	19,767,029	-	-
Other	(77,181)	564,254	64	52
Total Revenues	<u>89,597,694</u>	<u>88,649,536</u>	<u>2,017,885</u>	<u>2,080,564</u>
Program Expenses				
Instruction	56,938,170	55,474,502	-	-
Support Services:				
Pupils and Instructional Staff	9,457,329	8,985,280	-	-
General Administration	1,071,405	1,260,953	-	-
School Administration and Central Svcs	5,121,707	5,000,287	-	-
Operations and Maint. Of Facilities	9,105,355	8,142,265	-	-
Pupil Transportation	6,422,458	6,971,802	-	-
Charter School	28,418	91,255	-	-
Interest on debt	1,152,291	1,431,044	-	-
Food Service	-	-	1,887,642	1,972,328
Total Expenses	<u>89,297,133</u>	<u>87,357,388</u>	<u>1,887,642</u>	<u>1,972,328</u>
Increase(Decrease) in Net Position	<u>\$ 300,561</u>	<u>\$ 1,292,148</u>	<u>\$ 130,243</u>	<u>\$ 108,236</u>

Governmental Activities

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

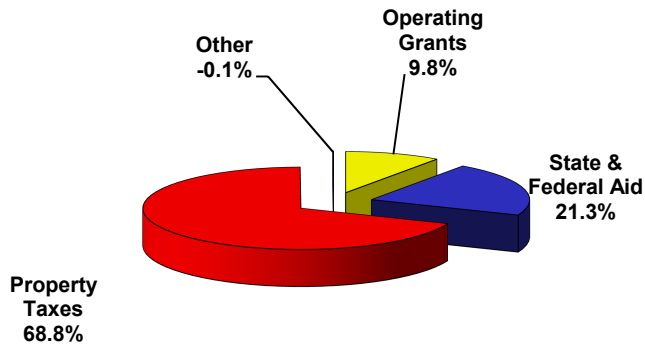
On Tuesday, January 17, 2012, the Manalapan-Englishtown Regional Board of Education passed a resolution moving the annual school board election to the General Election in November and effectively eliminated the requirement for voter approval of the district school budget as long as it does not exceed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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

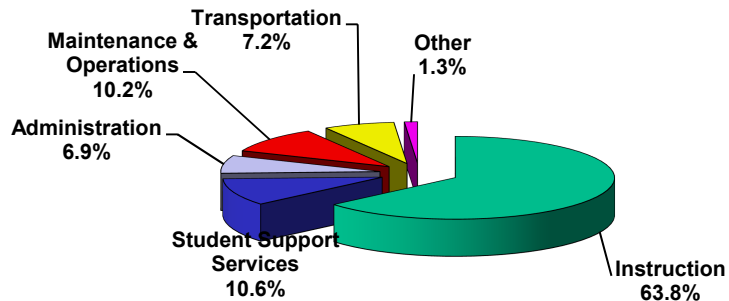
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)

Property taxes made up 68.8% of revenues for governmental activities for the Manalapan-Englishtown Regional School District for fiscal year 2017 and 67.75% of revenues for fiscal year 2016. Property tax revenues increased by \$1,646,226, which is a 2.74% increase from the prior year. The District's total revenues for governmental activities were \$89,597,694 for the year ended June 30, 2017. Federal, state and local grants accounted for another 21.3% of revenue.

Sources of Revenues for Fiscal Year 2017



Expenses for Fiscal Year 2017



The total cost of all programs and services was \$89,297,133. Instruction comprised 63.8% of district expenses.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)

Business-Type Activities

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

- Food service income exceeded expenses by \$130,243.
- Charges for services, which are the amounts paid by patrons for daily food services, represent \$1,592,432 of total revenue.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$425,389.

Governmental Activities

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

	Cost of Services			
	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Instruction	\$ 56,938,170	\$ 51,122,445	\$ 55,474,502	\$ 49,993,826
Support Services:				
Pupils and Instructional Staff	9,485,747	8,976,157	9,076,535	8,572,775
General Administration, School Administration, and Central Svcs	6,193,112	5,553,702	6,261,240	5,680,780
Operations and Maint. Of Facilities	9,105,355	8,165,275	8,142,265	7,387,425
Pupil Transportation	6,422,458	5,617,188	6,971,802	6,167,402
Interest on debt	1,152,291	1,033,321	1,431,044	1,298,374
Total Expenses	<u>\$ 89,297,133</u>	<u>\$ 80,468,088</u>	<u>\$ 87,357,388</u>	<u>\$ 79,100,582</u>

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$90,241,495 and expenditures were \$90,452,514. The net positive changes in fund balances for the year were in the general fund, which showed an increase of \$543,083, and the debt service fund showed a decrease of \$37,240. The most significant change was in the general fund, which is due to the increase in tax levy funds received and other miscellaneous revenues received as well as a large increase in capital outlay. The District started and/or completed many projects during the 2016-2017 school year. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Table 4
Revenues for the Fiscal Year Ended June 30,

	2017	2016	Percent
	Amount	Amount	Change
Property taxes	\$ 61,707,673	\$ 60,061,447	2.74%
Tuition	37,215	22,326	66.69%
Interest earnings	5,141	3,003	71.20%
Miscellaneous	561,479	527,938	6.35%
State sources	26,286,212	26,337,845	-0.20%
Federal sources	1,643,775	1,663,664	-1.20%
Total	\$ 90,241,495	\$ 88,616,223	1.83%

Revenues were up \$1,625,272 or 1.83% over the prior year. Although a slight decrease in grant funds, all other revenue sources increased.

Table 5
Expenditures for the Fiscal Year Ended June 30,

	2017	2016	Percent
	Amount	Amount	Change
Salaries and wages	\$ 49,395,170	\$ 47,347,512	4.32%
Benefits	23,799,344	23,221,611	2.49%
Purchased services	7,284,731	7,264,787	0.27%
Supplies and other	4,019,415	3,823,735	5.12%
Capital outlay	2,031,326	890,423	128.13%
Debt service	3,922,528	3,926,631	-0.10%
Total	\$ 90,452,514	\$ 86,474,699	4.60%

Expenditures increased by \$3,977,815 or 4.60% less than the prior year. The overall increase is due to the large increase in capital outlay as well as the increase in salaries and benefits.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)

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

Fund Balance		
<u>School Year</u>	<u>GAAP</u>	<u>Budgetary Basis</u>
09-10	(563,211)	1,571,181
10-11	(91,073)	1,672,188
11-12	(35,804)	1,881,637
12-13	(260,329)	1,690,110
13-14	(201,884)	1,745,198
14-15	(218,997)	1,735,446
15-16	167,884	2,116,091
16-17	134,450	2,087,423

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

General Fund Budgeting Highlights

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

During the course of the fiscal year 2017, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. The following explains the reasons for significant budget transfers:

- ✓ TPAF, which is the state's contribution to the pension fund, is an "on-behalf" revenue and expenditure item to the District and is required to be reflected in the financial statements.
- ✓ Legal services for employee litigation and special education cases.
- ✓ Changes in Charter School enrollment. The District pays the Charter Schools for students who reside in our district but are enrolled in their schools.
- ✓ Increases in transportation contracted repair services.
- ✓ Additional students sent out of district.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)

Capital Assets

At the end of the fiscal year 2017, the school district had \$94,186,275 invested in land, buildings and improvements and machinery and equipment. Table 7 shows fiscal 2017 balances compared to 2016.

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

<u>School Year</u>	<u>2017</u>	<u>2016</u>
Land	\$ 9,747,190	\$ 9,747,190
Construction in progress	1,299,766	999,025
Building and improvements	80,195,980	82,124,038
Machinery and equipment	<u>2,943,339</u>	<u>2,726,899</u>
Totals	<u>\$ 94,186,275</u>	<u>\$ 95,597,152</u>

Overall, the capital assets decreased \$1,410,877 from fiscal year 2016 to fiscal year 2017. This decrease in Net Position is due to depreciation as well as a re-evaluation of fixed assets performed during the 2015-2016 fiscal year. For more detailed information, please refer to Note 6 in the Notes to the Basic Financial Statements.

Debt Administration

As of June 30, 2017 the District had \$87,526,453 of outstanding debt. Of this amount, \$2,331,445 is for compensated absences, \$1,026,183 for bus leases, \$34,800,000 for bonds for school construction, and the balance of \$49,368,825 is for PERS pension liability.

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

	<u>Date of Issue</u>	<u>Original Amount of Issue</u>	<u>Balance Remaining</u>
General Obligation Bonds - 2004	10/15/04	18,995,000	7,955,000
General Obligation Bonds - 2006	10/01/06	9,695,000	-
General Obligation Bonds - 2007	01/05/07	9,795,000	-
General Obligation Bonds - 2012	01/31/12	12,840,000	10,555,000
General Obligation Bonds - 2016	07/08/16	16,585,000	<u>16,290,000</u>
			<u>\$ 34,800,000</u>

For the Future

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
ENGLISHTOWN, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (CONTINUED)

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 12,763,505	\$ 687,023	\$ 13,450,528
Receivables, net	268,391	1,539	269,930
Receivables - state	636,345	1,249	637,594
Receivables - other governments	176,838	20,329	197,167
Interfund receivable	86	-	86
Inventory	-	27,683	27,683
Capital assets, non-depreciable	11,046,956	-	11,046,956
Capital assets, depreciable, net	83,139,319	206,440	83,345,759
Total assets	<u>108,031,440</u>	<u>944,263</u>	<u>108,975,703</u>
DEFERRED OUTFLOWS			
Deferred outflows - PERS	15,766,473	-	15,766,473
Total deferred outflows	<u>15,766,473</u>	<u>-</u>	<u>15,766,473</u>
LIABILITIES			
Accounts payable	883,472	20,315	903,787
Accrued bond interest	301,516	-	301,516
Other current liabilities	277,998	-	277,998
Unearned revenue	123,091	31,629	154,720
Noncurrent liabilities:			
Due within one year	2,545,969	-	2,545,969
Due beyond one year	84,980,484	-	84,980,484
Total liabilities	<u>89,112,530</u>	<u>51,944</u>	<u>89,164,474</u>
DEFERRED INFLOWS			
Deferred inflows - PERS	455,938	-	455,938
Deferred bond issuance costs, net	2,973,786	-	2,973,786
Total deferred inflows	<u>3,429,724</u>	<u>-</u>	<u>3,429,724</u>
NET POSITION			
Net investment in capital assets	55,084,790	206,440	55,291,230
Restricted for:			
Debt service	15,804	-	15,804
Other purposes	12,410,492	-	12,410,492
Unrestricted	(36,255,427)	685,879	(35,569,548)
Total net position	<u>\$ 31,255,659</u>	<u>\$ 892,319</u>	<u>\$ 32,147,978</u>

See accompanying notes to financial statements.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 39,751,394	\$ 37,215	\$ 3,976,410	\$ -	\$ (35,737,769)	\$ -	\$ (35,737,769)
Special schools instruction	13,383,520	-	1,396,770	-	(11,986,750)	-	(11,986,750)
Other special instruction	3,790,596	-	391,360	-	(3,399,236)	-	(3,399,236)
Nonpublic school programs	12,660	-	13,970	-	1,310	-	1,310
Support services and undistributed costs:							
Tuition	1,301,087	-	-	-	(1,301,087)	-	(1,301,087)
Student & instruction related services	8,156,242	-	506,660	-	(7,649,582)	-	(7,649,582)
General administration	1,071,405	-	110,620	-	(960,785)	-	(960,785)
School administrative services	3,430,965	-	354,230	-	(3,076,735)	-	(3,076,735)
Central services	1,193,013	-	123,170	-	(1,069,843)	-	(1,069,843)
Administrative information technology	497,729	-	51,390	-	(446,339)	-	(446,339)
Plant operations & maintenance	9,105,355	-	940,080	-	(8,165,275)	-	(8,165,275)
Pupil transportation	6,422,458	-	805,270	-	(5,617,188)	-	(5,617,188)
Charter Schools	28,418	-	2,930	-	(25,488)	-	(25,488)
Interest on long-term debt	1,152,291	-	118,970	-	(1,033,321)	-	(1,033,321)
Unallocated depreciation	-	-	-	-	-	-	-
Total governmental activities	89,297,133	37,215	8,791,830	-	(80,468,088)	-	(80,468,088)
Business-type activities:							
Food service	1,887,642	1,592,432	425,389	-	-	130,179	130,179
Total business-type activities	1,887,642	1,592,432	425,389	-	-	130,179	130,179
Total primary government	\$ 91,184,775	\$ 1,629,647	\$ 9,217,219	\$ -	\$ (80,468,088)	\$ 130,179	\$ (80,337,909)
General revenues:							
Taxes:							
Property taxes levied for general purpose					58,286,034	-	58,286,034
Taxes levied for debt service					3,421,639	-	3,421,639
Federal and state aid - not restricted					18,660,464	-	18,660,464
Federal and State aid - restricted					477,693	-	477,693
Miscellaneous income					480,543	-	480,543
Investment earnings					5,141	64	5,205
Other financing sources/uses					(562,865)	-	(562,865)
Total general revenues					80,768,649	64	80,768,713
Change in net position					300,561	130,243	430,804
Net position—beginning					30,955,098	762,076	31,717,174
Net position—ending					\$ 31,255,659	\$ 892,319	\$ 32,147,978

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
ASSETS				
Cash and cash equivalents	\$ 7,894,748	\$ -	\$ 5,804	\$ 7,900,552
Receivables, net	265,345	3,046	-	268,391
Due from other funds	17,261	-	10,000	27,261
Receivables from other governments	636,345	176,838	-	813,183
Restricted cash and cash equivalents	4,862,953	-	-	4,862,953
Total assets	\$ 13,676,652	\$ 179,884	\$ 15,804	\$ 13,872,340
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	871,855	11,617	-	883,472
Interfund payable	10,000	17,175	-	27,175
Payable to state government	-	74,016	-	74,016
Deferred revenue	46,015	77,076	-	123,091
Other current liabilities	203,982	-	-	203,982
Total liabilities	1,131,852	179,884	-	1,311,736
Fund Balances:				
Restricted for:				
Excess surplus	2,500,000	-	-	2,500,000
Excess surplus -- designated for Subsequent year's expenditures	2,500,000	-	-	2,500,000
Maintenance reserve account	2,980,796	-	-	2,980,796
Capital reserve account	1,882,157	-	-	1,882,157
Debt service fund	-	-	15,804	15,804
Capital Projects	-	-	-	-
Committed to:				
Other purposes	1,342,097	-	-	1,342,097
Assigned to:				
Designated by the BOE for subsequent year's expenditures	1,205,442	-	-	1,205,442
Unassigned, reported in:				
General fund	134,308	-	-	134,308
Total Fund balances	12,544,800	-	15,804	12,560,604
Total liabilities and fund balances	\$ 13,676,652	\$ 179,884	\$ 15,804	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are 144,541,850 and the accumulated depreciation is \$50,355,575.	94,186,275
Deferred outflows related to the PERS pension plan	15,766,473
Deferred inflows related to the PERS pension plan	(455,938)
Bond premium is being amortized in accordance with the premium originally paid on each coupon. The amortization is not recorded in the funds. The original premium was \$2,974,727.	(2,973,786)
Accrued bond interest	(301,516)
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.	<u>(87,526,453)</u>
Net position of governmental activities	\$ 31,255,659

See accompanying notes to financial statements.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local sources:				
Local tax levy	\$ 58,286,034	\$ -	\$ 3,421,639	\$ 61,707,673
Tuition charges	37,215	-	-	37,215
Interest on investments	1,588	-	-	1,588
Interest earned on capital reserve funds	3,553	-	-	3,553
Miscellaneous	440,604	119,438	1,437	561,479
Total - Local Sources	58,768,994	119,438	3,423,076	62,311,508
State sources	25,820,948	13,052	452,212	26,286,212
Federal sources	25,481	1,618,294	-	1,643,775
Total revenues	84,615,423	1,750,784	3,875,288	90,241,495
EXPENDITURES				
Current:				
Regular instruction	25,116,926	1,507,100	-	26,624,026
Special education instruction	9,795,505	15,000	-	9,810,505
Other special instruction	2,854,593	-	-	2,854,593
Nonpublic school programs	-	12,660	-	12,660
Undistributed - current:				
Tuition	1,301,087	-	-	1,301,087
Student & instruction related services	7,959,650	-	-	7,959,650
General administration	858,279	213,126	-	1,071,405
School administrative services	3,412,390	-	-	3,412,390
Central services	1,193,013	-	-	1,193,013
Administrative information technology	497,729	-	-	497,729
Plant operations & maintenance	7,605,564	-	-	7,605,564
Pupil transportation	6,940,133	-	-	6,940,133
Other support services	-	-	-	-
Employee benefits	15,187,487	-	-	15,187,487
Unallocated employee benefits	-	-	-	-
Non-budgeted expenditures	-	-	-	-
Special schools	-	-	-	-
Transfer to Charter Schools	28,418	-	-	28,418
Debt service:				
Principal	-	-	2,515,000	2,515,000
Interest and other charges	-	-	1,407,528	1,407,528
Capital outlay	2,028,428	2,898	-	2,031,326
Total expenditures	84,779,202	1,750,784	3,922,528	90,452,514
Excess (Deficiency) of revenues over expenditures	(163,779)	-	(47,240)	(211,019)
OTHER FINANCING SOURCES (USES)				
Payoff of old debt and interest	-	-	(19,377,096)	(19,377,096)
Issuance of bonds	-	-	16,585,000	16,585,000
Bond issuance costs	-	-	(172,631)	(172,631)
Bond premium	-	-	2,974,727	2,974,727
Capital leases	706,862	-	-	706,862
Transfer in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	706,862	-	10,000	716,862
Net change in fund balances	543,083	-	(37,240)	505,843
Fund balance—July 1	12,001,717	-	53,044	12,054,761
Fund balance—June 30	<u>\$ 12,544,800</u>	<u>\$ -</u>	<u>\$ 15,804</u>	<u>\$ 12,560,604</u>

See accompanying notes to financial statements.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2) **\$ 505,843**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	2,711,609	
	Capital outlays	<u>(682,366)</u>	(2,029,243)

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.

	Accumulated depreciation on capital assets sold or retired during the fiscal year ended June 30, 2017	(1,068,365)	
	Cost basis of capital assets sold or retired during the fiscal year ended June 30, 2017	<u>1,075,579</u>	(7,214)

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey. (412,562)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 21,515,000

The issuance of bonds is revenue in the governmental funds, but increases long-term liabilities in the statement of net assets and is not reported in the statement of activities. (16,585,000)

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an addition to the reconciliation. 43,318

In the Statement of Activities, the bond premium is reclassified as a liability. In the governmental funds, the payment is an expenditure. (3,170,942)

In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability. In the governmental funds, the payments is an expenditure. (Amount is net of payments included in capital outlay) 407,788

In the Statement of Activities, the fair market value of donated capital assets should be recognized as revenue in the period when all eligibility requirements are met (typically in the period when ownership is transferred). In the Governmental Funds, however, the fair market value of these donated assets are not reported as an increase in financial resources. (80,936)

In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 114,509

See accompanying notes to financial statements. **Change in net position of governmental activities** **\$ 300,561**

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type-activities- Enterprise Funds Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 687,023
Accounts receivable	21,578
Other receivables	1,539
Inventories	27,683
Total current assets	737,823
Noncurrent assets:	
Building improvements	192,533
Furniture, machinery & equipment	1,084,903
Less accumulated depreciation	(1,070,996)
Total noncurrent assets	206,440
Total assets	\$ 944,263
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 20,315
Unearned revenue	31,629
Total current liabilities	51,944
NET POSITION	
Invested in capital assets net of related debt	206,440
Unrestricted	685,879
Total net position	892,319
Total liabilities and net position	\$ 944,263

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 980,632
Daily sales - non-reimbursable programs	605,524
Special functions	6,276
Total operating revenues	1,592,432
Operating expenses:	
Cost of sales - reimbursable programs	624,092
Cost of sales - non-reimbursable programs	209,556
Salaries	570,931
Employee benefits	204,125
Other purchased professional services	116,555
Cleaning, repair and maintenance services	55,620
General supplies	74,586
Depreciation	32,177
Total Operating Expenses	1,887,642
Operating income (loss)	(295,210)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	18,426
Federal sources:	
National school lunch program	304,652
Special milk program	144
Food distribution program	102,167
Interest and investment revenue	64
Total nonoperating revenues (expenses)	425,453
Change in net position	130,243
Total net position—beginning	762,076
Total net position—ending	\$ 892,319

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Food Services Enterprise Fund
Statement of Cash Flows
for the Fiscal Year ended June 30, 2017

	Food Service
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 1,614,451
Payments to employees	(570,931)
Payments for employee benefits	(204,125)
Payments to suppliers	(1,021,803)
Net cash used for operating activities	(182,408)
Cash Flows from Noncapital Financing Activities	
State sources	18,426
Federal sources	304,796
Net cash provided by noncapital financing activities	323,222
Cash Flows from Capital and Related Financing Activities	
Purchases of fixed assets	(9,345)
Net cash used for capital and related financing activities	(9,345)
Cash Flows from Investing Activities	
Interest on investments	64
Net cash provided by investing activities	64
Net increase in cash and cash equivalents	131,533
Balances-beginning of the year	555,490
Balances-end of the year	\$ 687,023
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating loss	\$ (295,210)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation	32,177
Federal commodities	102,167
Change in assets and liabilities:	
Decrease (increase) in interfund receivable	9,477
Decrease in prepaid expense	8,555
Decrease (increase) in accounts receivable	12,542
Decrease (increase) in inventory	(4,991)
Increase (decrease) in accounts payable	(47,125)
Total adjustments	112,802
Net cash used by operating activities	\$ (182,408)

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2017

	Trust				Agency			
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trust Fund	Student Activity	Payroll	Flex Spending	Total Agency
ASSETS								
Cash and cash equivalents	\$ 616,172	\$ 4,125	\$ 40,004	\$ 660,301	\$ 47,295	\$ 161,251	\$ 63,715	\$ 272,261
Other accounts receivable	-	-	-	-	-	51	-	51
Interfund receivable	80,933	-	-	80,933	-	-	-	-
Total assets	<u>697,105</u>	<u>4,125</u>	<u>40,004</u>	<u>741,234</u>	<u>\$ 47,295</u>	<u>\$ 161,302</u>	<u>\$ 63,715</u>	<u>\$ 272,312</u>
LIABILITIES								
Accounts payable	5,162	-	-	5,162	-	36,136	-	36,136
Payroll deductions and withholdings	-	-	-	-	-	44,149	63,713	107,862
Payable to student groups	-	-	-	-	47,295	-	-	47,295
Intrafund payable	-	-	-	-	-	80,933	-	80,933
Other current liabilities	-	-	-	-	-	84	2	86
Total liabilities	<u>\$ 5,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,162</u>	<u>\$ 47,295</u>	<u>\$ 161,302</u>	<u>\$ 63,715</u>	<u>\$ 272,312</u>
NET POSITION								
Held in trust for unemployment claims and other purposes	691,943	-	40,004	731,947				
Reserved for scholarships	-	4,125	-	4,125				
Total net position	<u>691,943</u>	<u>4,125</u>	<u>40,004</u>	<u>736,072</u>				
Total liabilities and net position	<u>\$ 697,105</u>	<u>\$ 4,125</u>	<u>\$ 40,004</u>	<u>\$ 741,234</u>				

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trusts
ADDITIONS				
Contributions:				
Plan member	\$ 80,933	\$ -	\$ -	\$ 80,933
Other	-	1,900	-	1,900
Total Contributions	<u>80,933</u>	<u>1,900</u>	<u>-</u>	<u>82,833</u>
Investment earnings:				
Net increase (decrease) in fair value of investments	-	-	-	-
Interest	64	-	4	68
Dividends	-	-	-	-
Less investment expense	-	-	-	-
Net investment earnings	<u>64</u>	<u>-</u>	<u>4</u>	<u>68</u>
Total additions	<u>80,997</u>	<u>1,900</u>	<u>4</u>	<u>82,901</u>
DEDUCTIONS				
Quarterly contribution reports	-	-	-	-
Unemployment claims	60,121	-	-	60,121
Scholarships awarded	-	1,707	-	1,707
Refunds of contributions	-	-	-	-
Administrative expenses	1,491	-	-	1,491
Total deductions	<u>61,612</u>	<u>1,707</u>	<u>-</u>	<u>63,319</u>
Change in net position	19,385	193	4	19,582
Net position—beginning of the year	<u>672,558</u>	<u>3,932</u>	<u>40,000</u>	<u>716,490</u>
Net position—end of the year	<u>\$ 691,943</u>	<u>\$ 4,125</u>	<u>\$ 40,004</u>	<u>736,072</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

A. Reporting Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

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

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (continued)

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

The District reports the following governmental funds:

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

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

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

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (continued)

The District reports the following proprietary fund:

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

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

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

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

Additionally, the District reports the following fund type:

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

B. Basis of Accounting

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Property Taxes

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

D. Budgets/Budgetary Control

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

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

The 2017-18 budget was approved by the county on April 24, 2017. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6a:23-1.2.

All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2017.

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Encumbrances

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

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

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

F. Cash, Cash Equivalents and Investments

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

G. Interfund Activity

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

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

H. Allowances for Uncollectible Accounts

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

I. Inventories and Prepaid Expenses

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

Inventories in the enterprise funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

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

L. Unearned/Deferred Revenue

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Liabilities and Long-Term Obligations

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

N. Net Position

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

O. Fund Balance Reserves

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Revenues – Exchange and Non-exchange Transactions

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

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

Q. Operating Revenues and Expenses

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

R. Management Estimates

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

S. Allocation of Indirect Expense

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Deferred Outflows/Inflows of Resources

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

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

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits:

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

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which a government's deposits and investments are exposed to custodial credit risk. Pursuant to Governmental Accounting Standards, the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. As of June 30, 2017, all of the District's deposits, except as noted below, were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

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

As of June 30, 2017, the carrying amount of the District's deposits for all funds was \$14,383,090 and the bank balance was \$15,226,905. All bank deposits, as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA.

Investments:

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

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

As of June 30, 2017, the District's Cash and Cash Equivalents consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	13,737,452
Capital Reserve	645,438
Change Funds	200
	<hr/>
Totals	<u>14,383,090</u>

Notes to Basic Financial Statements

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The fiduciary funds had a balance of \$932,562 at June 30, 2017.

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

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

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

4. RESTRICTED CASH RESERVES

A. Capital Reserve Account

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

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

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$2,262,453
Interest earnings	3,553
FY 2016-2017 Budgeted withdrawal	441,000
Funds unused at June 30, 2017	-
Deposit - June 30, 2017	<u>57,151</u>
Ending balance, June 30, 2017	<u>\$1,882,157</u>

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

4. RESTRICTED CASH RESERVES (CONTINUED)

B. Maintenance Reserve

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

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

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$3,070,000
FY 2016-2017 Budgeted withdrawal	970,000
Deposit - June 30, 2017	<u>880,796</u>
Ending balance, June 30, 2017	<u>\$2,980,796</u>

5. RECEIVABLES

Receivables at June 30, 2017, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of governmental receivables follows:

	Governmental Fund Financial Statements	District-Wide financial Statements
State Aid	\$ 697,326	\$ 698,575
Federal Aid	176,838	197,167
Interfunds	27,261	86
Other	<u>207,410</u>	<u>208,949</u>
Gross Receivables	1,108,835	1,104,777
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 1,108,835</u>	<u>\$ 1,104,777</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

6. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2017:

	Balance 6/30/2016	Transfers/ Additions	Transfers/ Retirements	Balance 6/30/2017
Governmental Activities:				
Capital assets not being depreciated				
Land and land improvements	\$ 9,747,190	\$ -	\$ -	\$ 9,747,190
Construction in progress	999,025	398,674	(97,933)	1,299,766
Total capital assets not being depreciated	<u>10,746,215</u>	<u>398,674</u>	<u>(97,933)</u>	<u>11,046,956</u>
Capital assets being depreciated				
Building and building imprvmts	119,212,498	-	-	119,212,498
Machinery & equipment	14,350,768	1,007,206	(1,075,578)	14,282,396
Totals at historical cost	<u>133,563,266</u>	<u>1,007,206</u>	<u>(1,075,578)</u>	<u>133,494,894</u>
Less accumulated depreciation for:				
Building and bldg & land imprvmts	(37,088,460)	(1,928,058)	-	(39,016,518)
Machinery & equipment	(11,623,871)	(783,551)	1,068,365	(11,339,057)
Total accumulated depreciation	<u>(48,712,331)</u>	<u>(2,711,609)</u>	<u>1,068,365</u>	<u>(50,355,575)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>84,850,935</u>	<u>(1,704,403)</u>	<u>(7,213)</u>	<u>83,139,319</u>
Governmental activity capital assets, net	<u>\$ 95,597,150</u>	<u>\$ (1,305,729)</u>	<u>\$ (105,146)</u>	<u>\$ 94,186,275</u>
Business-type Activities:				
Capital assets being depreciated				
Building improvements	\$ 192,533	\$ -	\$ -	\$ 192,533
Machinery & equipment	1,075,558	9,345	-	1,084,903
Totals at historical cost	<u>1,268,091</u>	<u>9,345</u>	<u>-</u>	<u>1,277,436</u>
Less accumulated depreciation for:				
Building improvements	(141,339)	(9,626)	-	(150,965)
Machinery & equipment	(897,480)	(22,551)	-	(920,031)
Total accumulated depreciation	<u>(1,038,819)</u>	<u>(32,177)</u>	<u>-</u>	<u>(1,070,996)</u>
Enterprise fund capital assets, net	<u>\$ 229,272</u>	<u>\$ (22,832)</u>	<u>\$ -</u>	<u>\$ 206,440</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 2,009,842
Special instruction	141,004
Student & instruction services	196,592
School administration	18,575
Plant operations & maintenance	143,444
Student transportation	202,152
Total depreciation expense	<u>\$ 2,711,609</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017 the following changes occurred in the non-current liabilities:

	Balance 6/30/2016	Increase	Decrease	Balance 6/30/2017	Due Within One Year
Bonds Payable	\$ 39,730,000	\$ 16,585,000	\$ 21,515,000	\$ 34,800,000	\$ 2,270,000
Obligations under capital leases	727,455	720,000	421,272	1,026,183	181,092
Pension liability - PERS	37,364,226	12,004,599	-	49,368,825	-
Compensated absences payable	2,445,954	64,014	178,523	2,331,445	94,877
	<u>\$ 80,267,635</u>	<u>\$ 29,373,613</u>	<u>\$ 22,114,795</u>	<u>\$ 87,526,453</u>	<u>\$ 2,545,969</u>

A. Bonds Payable

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

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

Year ending June 30,	Principal	Interest	Total
2018	2,270,000	1,476,463	3,746,463
2019	2,385,000	1,363,600	3,748,600
2020	2,495,000	1,244,550	3,739,550
2021	2,620,000	1,119,106	3,739,106
2022	2,755,000	984,781	3,739,781
2023-2027	15,385,000	2,959,025	18,344,025
2028-2029	6,890,000	278,200	7,168,200
	<u>\$ 34,800,000</u>	<u>\$ 9,425,725</u>	<u>\$ 44,225,725</u>

B. Bonds Authorized But Not Issued

As of June 30, 2017 the District had no authorized but not issued bonds.

C. Capital Leases:

The District is leasing buses and a roof lease/purchase totaling \$2,868,519, with a net book value of \$1,026,183 under capital leases. All capital leases are for terms of two to ten years. The following is a schedule of the future minimum lease payments under capital leases and the present value of the net minimum leases payments as of June 30, 2017:

	Fiscal Year Ended June 30,	Amount of Lease
	2018	205,215
	2019	232,469
	2020	232,469
	2021	232,469
	2022	232,469
	2023-2027	557,993
Total of Minimum Lease Payments		\$ 1,693,084
Less: amount representing interest		666,901
Present value of net minimum lease pmts		<u>\$ 1,026,183</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

8. PENSION PLANS

Description of Plans:

All required employees of the District are covered by either the Public Employees' Retirement System ("PERS"), the Teachers' Pension and Annuity Fund ("TPAF") or the Defined Contribution Retirement Program (DCRP) which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

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

For the year ended June 30, 2017, the District recognized pension expense of \$3,618,885 and revenue of \$3,618,885 for support provided by the State on the fund financials. These amounts are not included in the district-wide financials as required by GASB 68.

At June 30, 2017, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is 0.3170383423% of the total plan. The information below was provided from the State of New Jersey June 30, 2016 audit of the TPAF fund and has been adjusted to the District's proportionate share:

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

8. PENSION PLANS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 874,866	424,563
Changes of assumptions	49,555,361	-
Net difference between projected and actual earnings on pension plan investments	4,527,773	-
Changes in proportion and differences between District contributions and proportionate share of contributions	333,496	193,750
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 55,291,496</u>	<u>618,313</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$249,402,546.

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

Year ended June 30:	
2017	\$ 8,048,131
2018	8,048,131
2019	9,428,228
2020	8,817,479
2021	7,448,332
Thereafter	<u>12,994,457</u>
Total	<u>\$ 54,784,758</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

8. PENSION PLANS (CONTINUED)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bondst	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

8. PENSION PLANS (CONTINUED)

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

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
District's proportionate share of the net pension liability	299,215,005	250,551,937	210,812,262

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

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

For the year ended June 30, 2017, the District recognized pension expense of \$1,489,636. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.1666900955% of the total plan. The information below was provided from the State of New Jersey June 30, 2016 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 918,110	-
Changes of assumptions	10,226,584	-
Net difference between projected and actual earnings on pension plan investments	1,882,478	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,251,874	455,938
District contributions subsequent to the measurement date	<u>1,487,427</u>	<u>-</u>
Total	<u>\$ 15,766,473</u>	<u>455,938</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$49,368,825 and has been recorded on the district-wide financials.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	2,932,950
2018	2,932,950
2019	3,397,921
2020	2,854,750
2021	908,602
Thereafter	-
Total	<u>13,027,173</u>

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	(0.25)%
REIT	5.25%	5.63%

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

8. PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 60,495,733	49,368,825	40,182,598

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

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

8. PENSION PLANS (CONTINUED)

Contribution Requirements

Three-Year Trend Information for PERS

<u>Year Funding</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2017	1,489,636	100%	-
2016	1,374,291	100%	-
2015	1,308,745	100%	-

Three-Year Trend Information for PERS

<u>Year Funding</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2017	6,641,338	100%	-
2016	5,560,783	100%	-
2015	4,571,856	100%	-

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

There was a current year contribution to the TPAF post-retirement medical benefits made by the state of New Jersey on behalf of the Board in the amount of \$6,641,338. The State did not make any normal contributions on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,450,861 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

These amounts have been included in the general-purpose financial statements, and the combining individual fund and account group statements and schedules as revenues and expenditures in accordance with Governmental Accounting Standards.

9. DEFINED CONTRIBUTION RETIREMENT PLAN (DCRP)

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

9. DEFINED CONTRIBUTION RETIREMENT PLAN (DCRP) (CONTINUED)

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The District's contributions to the DCRP for June 30, 2017 were \$107,821. There was no liability for unpaid contributions at June 30, 2017.

10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits of those State employees who retire after reaching age 60 and accumulating 25 years of credited service. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits thru TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

11. COMPENSATED ABSENCES

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

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

12. DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
AXA/Equitable

13. RISK MANAGEMENT

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

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

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2016-2017	\$ 64	\$ 80,933	\$ 60,121	\$ 691,943
2015-2016	70	79,376	115,114	672,558
2014-2015	70	79,650	107,781	709,722

14. INTERFUND BALANCES AND ACTIVITY

The following interfund balances remained on the balance sheet at June 30, 2017:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 17,261	\$ 10,000
Special Revenue Fund	-	17,175
Capital Projects Fund	-	-
Debt Service Fund	10,000	-
Enterprise Fund	-	-
Trust and Agency Fund	-	86
	<u>\$ 27,261</u>	<u>\$ 27,261</u>

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Basic Financial Statements

15. INVENTORY

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$	13,874
Supplies		6,285
Commodities		7,524
	\$	<u>27,683</u>

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

16. CONTINGENT LIABILITIES

Grant Programs

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

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

17. FUND BALANCES

General Fund – Of the \$12,544,800 General Fund balance at June 30, 2017, \$1,342,097 of encumbrances is committed to other purposes, \$2,500,000 is restricted for excess surplus, \$2,500,000 is restricted for excess surplus designated for subsequent year's expenditures, \$1,205,442 is assigned to offset 2017-18 general fund expenditures, \$1,882,157 is restricted for capital reserve, \$2,980,796 is restricted for maintenance reserve, and \$134,308 is unreserved and undesignated.

18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$2,500,000.

19. UNCERTAIN TAX POSITIONS

The school district had no unrecognized tax benefits at June 30, 2017. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2014.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 8, 2017, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 58,286,034	\$ -	\$ 58,286,034	58,286,034	\$ -
Tuition from individuals	-	-	-	10,496	10,496
Tuition from other sources	-	-	-	26,719	26,719
Interest on investments	-	-	-	1,588	1,588
Interest earned on capital reserve funds	-	-	-	3,553	3,553
Miscellaneous	435,300	-	435,300	440,604	5,304
Total - local sources	58,721,334	-	58,721,334	58,768,994	47,660
State sources:					
Equalization aid	12,610,419	-	12,610,419	12,610,419	-
Transportation aid	2,122,959	-	2,122,959	2,122,959	-
Special education aid	3,077,364	-	3,077,364	3,077,364	-
Security aid	403,710	-	403,710	403,710	-
Adjustment aid	1,476,768	-	1,476,768	1,476,768	-
Extraordinary aid	275,000	-	275,000	494,246	219,246
Other state aid	145,880	-	145,880	166,934	21,054
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	3,015,354	3,015,354
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	3,618,885	3,618,885
TPAF - LTDI (on-behalf - Non-budgeted)	-	-	-	7,099	7,099
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,450,861	2,450,861
Total state sources	20,112,100	-	20,112,100	29,444,599	9,332,499
Federal Sources					
Medicaid Reimbursement	36,231	-	36,231	25,481	(10,750)
Total - Federal Sources	36,231	-	36,231	25,481	(10,750)
Total revenues	78,869,665	-	78,869,665	88,239,074	9,369,409
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of teachers	1,709,775	266,100	1,975,875	1,827,655	148,220
Grades 1-5 - Salaries of teachers	11,319,504	(224,120)	11,095,384	10,920,168	175,216
Grades 6-8 - Salaries of teachers	7,960,859	(277,835)	7,683,024	7,569,984	113,040
Regular Programs - Home Instruction:					
Salaries of teachers	40,000	30,500	70,500	70,352	148
Purchased professional-educational services	5,000	-	5,000	-	5,000
Regular Programs - Undistributed Instruction					
Other salaries for instruction	26,500	-	26,500	25,984	516
Purchased professional-educational services	5,000	(809)	4,191	990	3,201
Other purchased services (400-500 series)	517,450	(48,587)	468,863	400,377	68,486
General supplies	1,324,293	355,581	1,679,874	1,346,574	333,300
Textbooks	28,500	(4,450)	24,050	3,340	20,710
Other objects	55,100	161	55,261	23,998	31,263
TOTAL REGULAR PROGRAMS - INSTRUCTION	22,991,981	96,541	23,088,522	22,189,422	899,100
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	297,100	24,400	321,500	302,605	18,895
Other salaries for instruction	283,700	4,100	287,800	287,239	561
Other purchased services (400-500 series)	500	-	500	-	500
General supplies	7,500	-	7,500	5,577	1,923
Total Learning and/or Language Disabilities	588,800	28,500	617,300	595,421	21,879
Multiple Disabilities:					
Salaries of teachers	786,925	(187,500)	599,425	583,633	15,792
Other salaries for instruction	313,850	1,950	315,800	307,956	7,844
Other purchased services	1,000	-	1,000	-	1,000
General supplies	2,000	50	2,050	1,986	64
Other objects	9,000	-	9,000	4,025	4,975
Total Multiple Disabilities	1,112,775	(185,500)	927,275	897,600	29,675
Resource Room/Resource Center:					
Salaries of teachers	4,904,459	(37,000)	4,867,459	4,862,495	4,964
Other salaries for instruction	509,800	(36,500)	473,300	465,265	8,035
Unused sick pay	-	30,445	30,445	30,444	1
General supplies	5,500	-	5,500	722	4,778
Textbooks	-	-	-	-	-
Total Resource Room/Resource Center	5,419,759	(43,055)	5,376,704	5,358,926	17,778
Preschool Disabilities - Part-Time:					
Salaries of teachers	292,156	-	292,156	284,407	7,749
Other salaries for instruction	122,926	-	122,926	107,043	15,883
General supplies	1,500	-	1,500	1,086	414
Total Preschool Disabilities - Part-Time:	416,582	-	416,582	392,536	24,046
Preschool Disabilities - Full-Time:					
Salaries of teachers	382,824	(96,000)	286,824	271,700	15,124
Other salaries for instruction	202,974	30,000	232,974	228,913	4,061
Unused sick pay	-	3,320	3,320	3,316	4
Purchased educational services	-	70,000	70,000	46,813	23,187
General supplies	2,000	-	2,000	2,000	-
Total Preschool Disabilities - Full-Time:	587,798	7,320	595,118	550,742	44,376

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Home Instruction					
Salaries of teachers	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000
Purchased professional-educational services	10,000	-	10,000	-	10,000
Total Home Instruction	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>8,140,714</u>	<u>(192,735)</u>	<u>7,947,979</u>	<u>7,795,225</u>	<u>152,754</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	1,510,525	150,000	1,660,525	1,643,062	17,463
Unused sick pay	-	210	210	206	4
General supplies	3,500	(382)	3,118	1,936	1,182
Total Basic Skills/Remedial - Instruction	<u>1,514,025</u>	<u>149,828</u>	<u>1,663,853</u>	<u>1,645,204</u>	<u>18,649</u>
Bilingual Education - Instruction					
Salaries of teachers	319,800	31,000	350,800	348,783	2,017
Other purchased services (400-500 series)	1,200	-	1,200	-	1,200
General supplies	3,300	-	3,300	500	2,800
Total Bilingual Education - Instruction	<u>324,300</u>	<u>31,000</u>	<u>355,300</u>	<u>349,283</u>	<u>6,017</u>
School-Spon. Cocurricular Actvts. - Instruction					
Salaries	180,000	-	180,000	164,353	15,647
Other purchased services (400-500 series)	12,000	(500)	11,500	9,018	2,482
Supplies and materials	4,000	2,500	6,500	3,079	3,421
Other objects	3,500	-	3,500	1,192	2,308
Total School-Spon. Cocurric. Actvts. - Instruction	<u>199,500</u>	<u>2,000</u>	<u>201,500</u>	<u>177,642</u>	<u>23,858</u>
School-Spon. Athletics - Instruction					
Salaries	120,000	-	120,000	112,529	7,471
Other purchased services (400-500 series)	12,500	-	12,500	10,285	2,215
Supplies and materials	13,500	-	13,500	10,939	2,561
Other objects	3,500	-	3,500	3,181	319
Total School-Spon. Athletics - Instruction	<u>149,500</u>	<u>-</u>	<u>149,500</u>	<u>136,934</u>	<u>12,566</u>
Total Instruction	<u>33,320,020</u>	<u>86,634</u>	<u>33,406,654</u>	<u>32,293,710</u>	<u>1,112,944</u>
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - Special	173,520	-	173,520	41,956	131,564
Tuition to CSSD & Regional Day Schools	336,650	-	336,650	246,331	90,319
Tuition to Private Schools for the Disabled - Within State	1,169,789	(33,500)	1,136,289	861,037	275,252
Tuition - Other	205,620	-	205,620	151,763	53,857
Total Undistributed Expenditures - Instruction	<u>1,885,579</u>	<u>(33,500)</u>	<u>1,852,079</u>	<u>1,301,087</u>	<u>550,992</u>
Undist. Expend. - Health Services					
Salaries	707,480	55,750	763,230	756,671	6,559
Purchased professional and technical services	24,500	(4,000)	20,500	18,295	2,205
Other purchased services (400-500 series)	13,000	1,000	14,000	8,819	5,181
Supplies and materials	17,000	7,200	24,200	17,637	6,563
Other objects	2,500	(700)	1,800	963	837
Total Undistributed Expenditures - Health Services	<u>764,480</u>	<u>59,250</u>	<u>823,730</u>	<u>802,385</u>	<u>21,345</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries of other professional staff	1,380,295	(16,550)	1,363,745	1,314,484	49,261
Purchased professional - educational services	125,000	61,241	186,241	144,005	42,236
General supplies	3,000	-	3,000	402	2,598
Total Undist. Expend. - Speech, OT, PT & Related Services	<u>1,508,295</u>	<u>44,691</u>	<u>1,552,986</u>	<u>1,458,891</u>	<u>94,095</u>
Undist. Expend. - Other Supp. Services - Stud. - Extraord. Ser.					
Salaries	-	34,000	34,000	32,714	1,286
Other salaries for instruction	936,260	-	936,260	839,760	96,500
Unused sick pay	-	4,422	4,422	4,422	-
Purchased professional - educational services	450,000	196,505	646,505	518,983	127,522
Supplies and materials	21,500	(1,300)	20,200	19,003	1,197
Total Undist. Expend. - Other Supp. Serv. Stud. - Extraord. Ser.	<u>1,407,760</u>	<u>233,627</u>	<u>1,641,387</u>	<u>1,414,882</u>	<u>226,505</u>
Undist. Expend. - Guidance					
Salaries of other professional staff	641,180	(57,500)	583,680	581,070	2,610
Salaries of secretarial and clerical assistants	36,530	1,500	38,030	37,985	45
Other salaries for instruction	-	1,000	1,000	966	34
Unused sick pay	-	7,045	7,045	7,041	4
Purchased professional - educational services	6,000	-	6,000	5,079	921
Other purchased services (400-500 series)	55,000	4,000	59,000	56,326	2,674
Supplies and materials	36,000	(3,197)	32,803	5,987	26,816
Total Undist. Expend. - Guidance	<u>774,710</u>	<u>(47,152)</u>	<u>727,558</u>	<u>694,454</u>	<u>33,104</u>
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	1,309,770	77,500	1,387,270	1,339,108	48,162
Salaries of secretarial and clerical assistants	138,405	7,500	145,905	136,531	9,374
Unused sick pay	-	4,185	4,185	4,185	-
Purchased professional - educational services	3,500	-	3,500	3,200	300
Other purchased professional and technical services	45,000	11,024	56,024	49,128	6,896
Misc. purchased service	450	-	450	-	450
Supplies and materials	5,750	(1,700)	4,050	1,668	2,382
Other objects	500	-	500	-	500
Total Undist. Expend. - Child Study Teams	<u>1,503,375</u>	<u>98,509</u>	<u>1,601,884</u>	<u>1,533,820</u>	<u>68,064</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Improvement of Instruction Services					
Salaries of supervisor of instruction	\$ 200,605	\$ -	\$ 200,605	\$ 200,603	\$ 2
Salaries of other professional staff	131,000	131,160	262,160	260,033	2,127
Salaries of secretarial and clerical assist.	17,410	(500)	16,910	15,642	1,268
Other salaries	-	16,700	16,700	16,696	4
Unused sick pay	-	18,000	18,000	18,000	-
Purchased professional - educational services	-	6,250	6,250	6,250	-
Other purchased professional and technical services	40,700	(31,741)	8,959	2,559	6,400
Other purchased services (400-500)	5,000	-	5,000	3,353	1,647
Supplies and materials	750	30,465	31,215	29,470	1,745
Other objects	2,500	1,100	3,600	3,062	538
Total Undist. Expend. - Improvement of Instruction Services	397,965	171,434	569,399	555,668	13,731
Undist. Expend. - Educational Media Services/School Library					
Salaries	1,037,940	31,500	1,069,440	1,048,974	20,466
Unused sick pay	-	2,590	2,590	2,587	3
Supplies and materials	46,000	(2,955)	43,045	38,961	4,084
Other objects	14,000	7,715	21,715	20,523	1,192
Total Undist. Expend. - Ed. Media Services/School Library	1,097,940	38,850	1,136,790	1,111,045	25,745
Undist. Expend. - Instruction Staff Training Services					
Salaries of supervisors of instruction	259,360	(5,350)	254,010	249,354	4,656
Salaries of other professional staff	29,000	5,000	34,000	30,338	3,662
Salaries of secretarial & clerical assist.	26,115	-	26,115	23,462	2,653
Other salaries	-	4,175	4,175	4,174	1
Unused sick pay	-	12,000	12,000	12,000	-
Purchased professional - educational services	72,900	25,605	98,505	39,350	59,155
Other purchased services (400-500 series)	16,850	13,029	29,879	18,781	11,098
Supplies and materials	7,300	11,480	18,780	11,046	7,734
Other objects	500	-	500	-	500
Total Undist. Expend. - Instruction Staff Training Services	412,025	65,939	477,964	388,505	89,459
Undist. Expend. - Support Service - General Administration					
Salaries	247,155	-	247,155	238,954	8,201
Other salaries	-	7,200	7,200	7,172	28
Salaries of Attorneys	-	-	-	-	-
Legal services	100,000	(7,200)	92,800	57,672	35,128
Audit fees	45,000	-	45,000	40,000	5,000
Architectural/Engineering Services	60,000	18,879	78,879	42,101	36,778
Other purchased professional services	46,500	(1,725)	44,775	36,000	8,775
Purchased technical services	-	10,000	10,000	10,000	-
Communications/Telephone	325,000	(22,800)	302,200	299,595	2,605
BOE Other Purchased Services	5,000	-	5,000	1,826	3,174
Misc purchased services (400-500 series)	40,073	(1,606)	38,467	30,889	7,578
General supplies	5,000	3,257	8,257	6,276	1,981
BOE In-House Training/Meeting Supplies	4,000	2,837	6,837	4,714	2,123
Judgements against the School District	40,000	47,800	87,800	52,046	35,754
Miscellaneous expenditures	5,250	(576)	4,674	4,372	302
Membership Dues and Fees	28,000	(1,337)	26,663	26,662	1
Total Undist. Expend. - Support Service - Gen. Admin.	950,978	54,729	1,005,707	858,279	147,428
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	2,047,025	1,500	2,048,525	2,047,843	682
Salaries of other professional staff	357,590	2,000	359,590	359,385	205
Salaries of secretarial and clerical assistants	843,905	15,600	859,505	848,505	11,000
Other salaries	-	4,535	4,535	4,530	5
Unused sick pay	-	9,450	9,450	9,404	46
Other purchased services (400-500 series)	44,200	(650)	43,550	31,900	11,650
Supplies and materials	89,730	26,305	116,035	91,478	24,557
Other objects	21,900	89	21,989	19,345	2,644
Total Undist. Expend. - Support Service - School Admin.	3,404,350	58,829	3,463,179	3,412,390	50,789
Undist. Expend. - Support Service - Central Services					
Salaries	903,100	15,200	918,300	875,321	42,979
Other salaries	-	2,800	2,800	2,719	81
Unused sick pay	-	13,500	13,500	13,425	75
Purchased professional services	85,000	1,000	86,000	31,629	54,371
Purchased technical services	212,100	(11,065)	201,035	157,862	43,173
Other purchased services (400-500 series)	20,450	1,600	22,050	17,816	4,234
Miscellaneous purchased services	90,600	-	90,600	64,325	26,275
Supplies and materials	35,500	3,637	39,137	22,452	16,685
Interest for lease purchase	2,000	-	2,000	1,881	119
Other objects	6,000	-	6,000	5,583	417
Total Undist. Expend. - Support Service - Central Services	1,354,750	26,672	1,381,422	1,193,013	188,409
Undist. Expend. - Support Service - Admin. Information Tech.					
Salaries	194,530	50	194,580	188,260	6,320
Other salaries	-	15,500	15,500	15,490	10
Purchased professional	-	-	-	-	-
Purchased technical services	283,615	37,097	320,712	277,132	43,580
Other purchased services	24,200	(3,800)	20,400	3,341	17,059
Supplies and materials	6,100	7,406	13,506	13,506	-
Other objects	1,300	-	1,300	-	1,300
Total Undist. Expend. - Support Service - Admin. Info. Tech.	509,745	56,253	565,998	497,729	68,269

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maintenance for School Facilities					
Cleaning, repair and maintenance services	802,500	243,456	1,045,956	834,252	211,704
General supplies	160,000	62,590	222,590	181,600	40,990
Other objects	7,500	1,900	9,400	7,779	1,621
Total Undist. Expend. - Required Maint. for School Facilities	970,000	307,946	1,277,946	1,023,631	254,315
Undist. Expend. - Custodial services					
Salaries	\$ 3,518,410	\$ 9,000	\$ 3,527,410	\$ 3,421,643	\$ 105,767
Salaries of Non-instructional Aides	321,650	(1,600)	320,050	307,664	12,386
Other salaries	-	20,340	20,340	20,290	50
Purchased professional and technical services	10,000	10,619	20,619	18,771	1,848
Cleaning, repair and maintenance services	270,000	104,175	374,175	197,366	176,809
Other purchased property services	183,000	-	183,000	148,312	34,688
Insurance	435,855	(110,000)	325,855	325,855	-
Miscellaneous purchased services	2,500	-	2,500	920	1,580
General supplies	344,500	(78,775)	265,725	230,224	35,501
Energy - Natural gas	625,000	-	625,000	388,658	236,342
Energy - Electricity	1,250,000	(104,000)	1,146,000	839,582	306,418
Energy - Gasoline	1,000	-	1,000	-	1,000
Other objects	13,800	3,025	16,825	14,826	1,999
Total Undist. Expend. - Custodial Services	6,975,715	(147,216)	6,828,499	5,914,111	914,388
Undistributed Expenditures - Care and Upkeep of Grounds					
Salaries	271,450	-	271,450	250,832	20,618
Cleaning, Repair, and Maintenance Services	220,000	27,086	247,086	224,888	22,198
General Supplies	60,000	-	60,000	56,944	3,056
Other Objects	10,000	(1,800)	8,200	3,720	4,480
Total Undistributed Expenditures - Care and Upkeep of Grounds	561,450	25,286	586,736	536,384	50,352
Undistributed Expenditures - Security					
Salaries	53,320	1,300	54,620	53,368	1,252
Purchased Professional & Technical Services	52,500	10,259	62,759	62,745	14
Cleaning, Repair, and Maintenance Services	85,000	(40,046)	44,954	10,137	34,817
General Supplies	6,500	761	7,261	3,946	3,315
Other Objects	17,000	-	17,000	1,242	15,758
Total Undistributed Expenditures - Security	214,320	(27,726)	186,594	131,438	55,156
Undist. Expend. - Student Transportation Services					
Salaries of Non-instructional Aides	444,400	-	444,400	343,739	100,661
Salaries for pupil transp.(between home and school) - Regular	1,965,115	(70,000)	1,895,115	1,753,480	141,635
Salaries for pupil transp.(between home and school) - Special	701,050	(60,500)	640,550	536,331	104,219
Salaries for pupil transp.(other than between home and school)	17,500	5,000	22,500	22,343	157
Other salaries	-	5,055	5,055	4,895	160
Social security contributions	245,000	-	245,000	198,043	46,957
Workers compensation	210,000	-	210,000	209,999	1
Health benefits	1,702,500	-	1,702,500	1,702,500	-
Unused sick pay	-	23,220	23,220	23,215	5
Other purchased professional and technical services	35,000	7,000	42,000	40,182	1,818
Cleaning, repair and maintenance services	85,000	40,000	125,000	112,510	12,490
Lease purchase payments - School buses	250,000	-	250,000	220,552	29,448
Contract services (other than between home & school) - Vendors	-	7,000	7,000	6,750	250
Contract services - Aid in Lieu of Payment for NP school students	110,000	-	110,000	100,303	9,697
Contract services (Between Home and School) - Joint agreements	52,000	-	52,000	34,632	17,368
Contract services (Sp Ed Stds) - Joint agreements	825,000	142,000	967,000	963,933	3,067
Contract services - (regular education students) - ESCs & CTSA's	45,000	48,000	93,000	91,252	1,748
Miscellaneous purchased services - Transportation	100,180	-	100,180	89,750	10,430
Supplies and materials	12,000	9,238	21,238	11,779	9,459
Transportation Supplies	850,000	(110,400)	739,600	468,119	271,481
Miscellaneous expenditures	5,000	1,000	6,000	5,826	174
Total Undist. Expend. - Student Transportation Services	7,654,745	46,613	7,701,358	6,940,133	761,225
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance	6,000	208	6,208	6,208	-
Social security contributions	925,000	655	925,655	925,655	-
Other Retirement Contributions	1,750,000	(10,863)	1,739,137	1,489,636	249,501
Unemployment Compensation	125,000	-	125,000	-	125,000
Workmen's compensation	250,000	-	250,000	236,909	13,091
Health benefits	12,820,347	(342,650)	12,477,697	12,346,051	131,646
Tuition reimbursement	150,000	6,571	156,571	114,548	42,023
Other employee benefits	277,500	(205,037)	72,463	68,480	3,983
TOTAL UNALLOCATED EMPLOYEE BENEFITS	16,303,847	(551,116)	15,752,731	15,187,487	565,244
On-behalf TPAF pension Contributions (non-budgeted)	-	-	-	3,618,885	(3,618,885)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib.(non-budgeted)	-	-	-	3,015,354	(3,015,354)
On-behalf TPAF - LTDI (Non-budgeted)	-	-	-	7,099	(7,099)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	2,450,861	(2,450,861)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	9,092,199	(9,092,199.00)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	16,303,847	(551,116)	15,752,731	24,279,686	(8,526,955)
TOTAL UNDISTRIBUTED EXPENDITURES	48,652,029	481,918	49,133,947	54,047,531	(4,913,584)
TOTAL GENERAL CURRENT EXPENSE	81,972,049	568,552	82,540,601	86,341,241	(3,800,640)

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Grades 1-5	\$ 5,000	\$ 6,990	\$ 11,990	\$ 5,995	\$ 5,995
Grades 6-8	-	-	-	-	-
Special Education - Instruction:					
Visual impairments	-	6,171	6,171	6,171	-
Undistributed:					
Undistributed expenditures - Support services - Students - Regular	-	6,207	6,207	6,158	49
Undistributed expenditures - School Admin.	-	3,200	3,200	3,200	-
Undistributed expenditures - Central services	10,000	-	10,000	-	10,000
Undistributed expenditures - Admin Info Tech.	5,000	(5,000)	-	-	-
Undistributed expenditures - Operation & maint. Of plant services	-	27,402	27,402	27,402	-
undistributed expenditures - Custodial	65,000	61,842	126,842	76,141	50,701
Undistributed expenditures - Care and Upkeep of Grounds	-	40,600	40,600	-	40,600
Undistributed expenditures - Non-instr. Serv.	10,000	13,450	23,450	2,750	20,700
Total Equipment	<u>95,000</u>	<u>160,862</u>	<u>255,862</u>	<u>127,817</u>	<u>128,045</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	25,000	50,180	75,180	61,855	13,325
Construction Services	707,000	1,039,486	1,746,486	806,415	940,071
Lease Purchase Agreement - Principal	204,000	-	204,000	203,863	137
Other Objects	127,616	32,300	159,916	121,616	38,300
Total Facilities Acquisition and Construction Services	<u>1,063,616</u>	<u>1,121,966</u>	<u>2,185,582</u>	<u>1,193,749</u>	<u>991,833</u>
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures:					
General Administration	-	-	-	-	-
School Administration	-	-	-	706,862	(706,862)
Assets Acquired Under Capital Leases (non-budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>706,862</u>	<u>(706,862)</u>
Capital reserve - Transfer to	-	-	-	-	-
TOTAL CAPITAL OUTLAY	<u>1,158,616</u>	<u>1,282,828</u>	<u>2,441,444</u>	<u>2,028,428</u>	<u>413,016</u>
Transfer of Funds to Charter Schools	150,000	-	150,000	28,418	121,582
TOTAL EXPENDITURES	<u>83,280,665</u>	<u>1,851,380</u>	<u>85,132,045</u>	<u>88,398,087</u>	<u>(3,266,042)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(4,411,000)</u>	<u>(1,851,380)</u>	<u>(6,262,380)</u>	<u>(159,013)</u>	<u>6,103,367</u>
Other Financing Sources(Uses):					
Transfer in	-	-	-	-	-
Capital leases - Non-budgeted	-	-	-	706,862	706,862
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>706,862</u>	<u>706,862</u>
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(4,411,000)</u>	<u>(1,851,380)</u>	<u>(6,262,380)</u>	<u>547,849</u>	<u>6,810,229</u>
Fund Balance, July 1	13,949,924	-	13,949,924	13,949,924	-
Fund Balance, June 30	<u>\$ 9,538,924</u>	<u>\$ (1,851,380)</u>	<u>\$ 7,687,544</u>	<u>14,497,773</u>	<u>\$ 6,810,229</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				1,882,157	
Maintenance reserve				2,980,796	
Excess surplus - current year				2,500,000	
Excess surplus - designated for subsequent year's expenditures				2,500,000	
Committed Fund Balance:					
Other purposes				-	
Year-end encumbrances				1,342,097	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				1,205,442	
Unassigned fund balance				<u>\$ 2,087,281</u>	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				\$ 14,497,773	
Last state aid payment not recognized on GAAP basis				(1,952,973)	
Fund balance per governmental funds (GAAP) - B-1				<u>12,544,800</u>	
Restricted fund balances				12,410,492	
Unrestricted fund balances				134,308	
Fund balance per governmental funds (GAAP) - B-1				<u>\$ 12,544,800</u>	

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local sources	\$ -	\$ 196,513	\$ 196,513	\$ 99,139	\$ (97,374)
State sources	22,187	(3,210)	18,977	13,052	(5,925)
Federal sources	1,540,987	168,481	1,709,468	1,618,294	(91,174)
Total Revenues	<u>1,563,174</u>	<u>361,784</u>	<u>1,924,958</u>	<u>1,730,485</u>	<u>(194,473)</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	436,199	(32,780)	403,419	395,946	7,473
Purchased professional services	76,250	26,946	103,196	75,370	27,826
Textbooks	4,125	(1,070)	3,055	643	2,412
Tuition	900,000	-	900,000	875,097	24,903
Miscellaneous expense	-	795	795	795	-
General supplies	31,078	211,847	242,925	153,950	88,975
Total instruction	<u>1,447,652</u>	<u>205,738</u>	<u>1,653,390</u>	<u>1,501,801</u>	<u>151,589</u>
Support services:					
Other professional staff salaries	30,000	43,082	73,082	55,650	17,432
Personal services - employee benefits	30,000	38,144	68,144	68,090	54
Purchased professional - educational services	28,285	(16,791)	11,494	36,820	(25,326)
Purchased technical services	5,431	55,168	60,599	21,207	39,392
Travel	20,000	25,535	45,535	38,226	7,309
Supplies & materials	1,806	5,685	7,491	5,793	1,698
Total support services	<u>115,522</u>	<u>150,823</u>	<u>266,345</u>	<u>225,786</u>	<u>40,559</u>
EXPENDITURES (CONT'D):					
Facilities acquisition and const. serv.:					
Instructional equipment	-	5,223	5,223	2,898	2,325
Total facilities acquisition and const. serv.	<u>-</u>	<u>5,223</u>	<u>5,223</u>	<u>2,898</u>	<u>2,325</u>
Total expenditures	<u>1,563,174</u>	<u>361,784</u>	<u>1,924,958</u>	<u>1,730,485</u>	<u>194,473</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 88,239,074	[C-2]	\$ 1,730,485
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		20,299
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(3,618,885)		
The 2015-16 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense.		1,948,207		-
The 2016-17 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense.		(1,952,973)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 84,615,423	[B-2]	\$ 1,750,784
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 88,398,087	[C-2]	\$ 1,730,485
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(3,618,885)		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		20,299
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 84,779,202	[B-2]	\$ 1,750,784

REQUIRED SUPPLEMENTARY INFORMATION – PART III

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Fiscal Year Ended June 30, 2017

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.1587539904%	0.1585112960%	0.1666900955%
District's proportionate share of the net pension liability	\$ 31,097,380	\$ 49,368,825	\$ 49,368,825
District's covered-employee payroll	12,521,737	10,892,044	9,832,578
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	248.35%	453.26%	502.09%
Plan fiduciary net position as a percentage of the total pension liability	67.89%	61.84%	45.35%

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Fiscal Year Ended June 30, 2017

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contributions	\$ 1,308,745	\$ 1,374,291	\$ 1,489,636
Contributions in relation to the contractually required contribution	<u>1,308,745</u>	<u>1,489,636</u>	<u>1,489,636</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (115,345)</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 12,521,737	\$ 10,892,044	\$ 9,832,578
Contributions as a percentage of covered-employee payroll	10.45%	12.62%	15.15%

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

MANALAPN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Fiscal Year Ended June 30, 2017

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.3077796387%	0.3268186055%	0.3170383423%
District's proportionate share of the net pension liability	\$ 164,498,200	\$ 206,563,315	\$ 249,402,546
District's covered-employee payroll	33,113,319	33,711,862	34,199,757
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	496.77%	612.73%	729.25%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Notes to Required Supplementary Information – Part III

Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary increases: 2012-2021	1.65-4.15%
Thereafter	2.65-5.15% based on age
Investment rate of return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

OTHER SUPPLEMENTARY INFORMATION

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	<u>Title I Part A 16/17</u>	<u>Title II Part A 16/17</u>	<u>Title III 16/17</u>	<u>IDEA-Part B-Basic Reg Prog 16/17</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	<u>278,866</u>	<u>69,927</u>	<u>14,784</u>	<u>1,208,901</u>
Total revenues	<u>278,866</u>	<u>69,927</u>	<u>14,784</u>	<u>1,208,901</u>
Expenditures:				
Instruction:				
Salaries of teachers	216,688	-	5,748	173,510
Purchased professional services	2,112	-	-	59,210
General supplies	-	-	7,562	49,153
Tuition	-	-	-	875,097
Textbooks	-	-	-	-
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total instruction	<u>218,800</u>	<u>-</u>	<u>13,310</u>	<u>1,156,970</u>
Support services:				
Other support services - students - special:				
Other professional staff salaries	-	27,763	104	27,783
Purchased professional services	-	-	-	-
Purchased technical services	-	14,600	-	3,650
Employee benefits	60,066	-	-	8,024
Travel	-	25,283	1,370	11,573
General supplies	-	2,281	-	901
Purchased prof.-educ.services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other support services - students - special	<u>60,066</u>	<u>69,927</u>	<u>1,474</u>	<u>51,931</u>
Total expenditures	<u>\$ 278,866</u>	<u>\$ 69,927</u>	<u>\$ 14,784</u>	<u>\$ 1,208,901</u>

(continued on next page)

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)

	IDEA-Part B-Preschool	Chapter 192/193 Nonpublic		
	Reg Prog 16/17	Classification 16/17	Speech 16/17	Instruction 16/17
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	2,520	3,092	392
Federal sources	45,816	-	-	-
Total revenues	<u>45,816</u>	<u>2,520</u>	<u>3,092</u>	<u>392</u>
Expenditures:				
Instruction:				
Salaries of teachers	-	-	-	-
Purchased professional services	-	-	-	-
General supplies	15,000	-	-	-
Tuition	-	-	-	-
Textbooks	-	-	-	-
Miscellaneous expenses	-	-	-	-
Total instruction	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:				
Other support services - students - special:				
Other professional staff salaries	-	-	-	-
Purchased professional services	30,816	-	-	-
Purchased technical services	-	-	-	-
Employee benefits	-	-	-	-
Travel	-	-	-	-
General supplies	-	-	-	-
Purchased prof.-educ.services	-	2,520	3,092	392
Total other support services - students - special	<u>30,816</u>	<u>2,520</u>	<u>3,092</u>	<u>392</u>
Total expenditures	<u>\$ 45,816</u>	<u>\$ 2,520</u>	<u>\$ 3,092</u>	<u>\$ 392</u>

(continued on next page)

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)

	Non-Public			
	Nursing 16/17	Security 16/17	Textbook 16/17	Technology 16/17
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	2,957	2,611	643	837
Federal sources	-	-	-	-
Total revenues	<u>2,957</u>	<u>2,611</u>	<u>643</u>	<u>837</u>
Expenditures:				
Instruction:				
Salaries of teachers	-	-	-	-
Purchased professional services	-	-	-	-
General supplies	-	-	-	837
Tuition	-	-	-	-
Textbooks	-	-	643	-
Miscellaneous expenses	-	-	-	-
Total instruction	<u>-</u>	<u>-</u>	<u>643</u>	<u>837</u>
Support services:				
Other support services -				
students - special:				
Other professional				
staff salaries	-	-	-	-
Purchased professional services	-	-	-	-
Purchased technical services	2,957	-	-	-
Employee benefits	-	-	-	-
Travel	-	-	-	-
General supplies	-	2,611	-	-
Purchased prof.-educ.services	-	-	-	-
Total expenditures	<u>\$ 2,957</u>	<u>\$ 2,611</u>	<u>\$ 643</u>	<u>\$ 837</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)

	<u>Target Take Charge of Education 16/17</u>	<u>Foundation for MERS 16/17</u>	<u>Other Local Grants 16/17</u>	<u>Total 2017</u>
Revenues:				
Local sources	\$ 15,674	\$ 81,564	\$ 1,901	\$ 99,139
State sources	-	-	-	13,052
Federal sources	-	-	-	1,618,294
Total revenues	<u>15,674</u>	<u>81,564</u>	<u>1,901</u>	<u>1,730,485</u>
Expenditures:				
Instruction:				
Salaries of teachers	-	-	-	395,946
Purchased professional services	2,563	11,485	-	75,370
General supplies	13,111	66,386	1,901	153,950
Tuition	-	-	-	875,097
Textbooks	-	-	-	643
Miscellaneous expenses	-	795	-	795
Total instruction	<u>15,674</u>	<u>78,666</u>	<u>1,901</u>	<u>1,501,801</u>
Support services:				
Other support services - students - special:				
Other professional staff salaries	-	-	-	55,650
Purchased professional services	-	-	-	30,816
Purchased technical services	-	-	-	21,207
Employee benefits	-	-	-	68,090
Travel	-	-	-	38,226
General supplies	-	-	-	5,793
Purchased prof.-educ.services	-	-	-	6,004
Other purchased services	-	-	-	-
Total other support services - students - special	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,786</u>
Equipment:				
Regular programs instruction	-	2,898	-	2,898
Total equipment	<u>-</u>	<u>2,898</u>	<u>-</u>	<u>2,898</u>
Total expenditures	<u>\$ 15,674</u>	<u>\$ 81,564</u>	<u>\$ 1,901</u>	<u>\$ 1,730,485</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Net Position
June 30, 2017

	Food Service
Assets:	
Current assets:	
Cash and cash equivalents	\$ 687,023
Accounts receivable:	
State	1,249
Federal	20,329
Other	1,539
Inventories	27,683
Total current assets	737,823
Capital assets:	
Building improvements	192,533
Equipment	1,084,903
Accumulated depreciation	(1,070,996)
Total capital assets	206,440
Total assets	\$ 944,263
Liabilities and Net Position:	
Liabilities:	
Accounts payable	20,315
Unearned revenue	31,629
Total liabilities	51,944
Net position:	
Invested in capital assets, net of related debt	206,440
Unrestricted net position	685,879
Total net position	892,319
Total liabilities and net position	\$ 944,263

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
for the Fiscal Year ended June 30, 2017

	Food Service
Operating revenues:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 980,632
Special functions	6,276
Total-daily sales-reimbursable programs	986,908
Daily sales non-reimbursable programs	605,524
Total operating revenues	1,592,432
Operating expenses:	
Salaries	570,931
Employee benefits	204,125
Other purchased services	116,555
Repairs and maintenance	55,620
Supplies and materials	74,586
Depreciation	32,177
Cost of sales - reimbursable programs	624,092
Cost of sales - non-reimbursable programs	209,556
Total operating expenses	1,887,642
Operating loss	(295,210)
Nonoperating revenues:	
State sources:	
State school lunch program	18,426
Federal sources:	
National school lunch program	304,652
Special milk program	144
U.S.D.A. commodities	102,167
Interest income	64
Total nonoperating revenues	425,453
Change in net position	130,243
Total net position beginning	762,076
Total net position ending	\$ 892,319

Exhibit G-3

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Year ended June 30, 2017**

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 1,614,451
Payments to employees	(570,931)
Payments for employee benefits	(204,125)
Payments to suppliers	(1,021,803)
Net cash used for operating activities	<u>(182,408)</u>
Cash Flows from Noncapital Financing Activities	
State sources	18,426
Federal sources	304,796
Net cash provided by noncapital financing activities	<u>323,222</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of fixed assets	(9,345)
Net cash used for capital and related financing activities	<u>(9,345)</u>
Cash Flows from Investing Activities	
Interest on investments	64
Net cash provided by investing activities	<u>64</u>
Net increase in cash and cash equivalents	131,533
Balances-beginning of the year	555,490
Balances-end of the year	<u><u>\$ 687,023</u></u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:	
Operating loss	\$ (295,210)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation	32,177
Federal commodities	102,167
Change in assets and liabilities:	
Increase in deferred revenue	9,477
Decrease in prepaid expense	8,555
Decrease in accounts receivable	12,542
Increase in inventory	(4,991)
Decrease in accounts payable	(47,125)
Total adjustments	<u>112,802</u>
Net cash used by operating activities	<u><u>\$ (182,408)</u></u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Combining Statement of Agency Fund Assets and Liabilities
Fiduciary Funds
June 30, 2017

	Trust				Agency			
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trust Fund	Student Activity	Payroll	Flex Spending	Total Agency
ASSETS								
Cash and cash equivalents	\$ 616,172	\$ 4,125	\$ 40,004	\$ 660,301	\$ 47,295	\$ 161,251	\$ 63,715	\$ 272,261
Other Accounts Receivable	-	-	-	-	-	51	-	51
Interfund receivable	-	-	-	-	-	-	-	-
Intrafund receivable	80,933	-	-	80,933	-	-	-	-
Total assets	<u>697,105</u>	<u>4,125</u>	<u>40,004</u>	<u>741,234</u>	<u>47,295</u>	<u>161,302</u>	<u>63,715</u>	<u>272,312</u>
LIABILITIES								
Accounts payable	5,162	-	-	5,162	-	36,136	-	36,136
Payroll deductions and withholdings	-	-	-	-	-	44,149	63,713	107,862
Payable to student groups	-	-	-	-	47,295	-	-	47,295
Intrafund payable	-	-	-	-	-	80,933	-	80,933
Interfund payable	-	-	-	-	-	84	2	86
Total liabilities	<u>5,162</u>	<u>-</u>	<u>-</u>	<u>5,162</u>	<u>\$ 47,295</u>	<u>\$ 161,302</u>	<u>\$ 63,715</u>	<u>\$ 272,312</u>
NET POSITION								
Held in trust for unemployment claims and other purposes	691,943	-	40,004	731,947				
Reserved for scholarships	-	4,125	-	4,125				
Total net position	<u>691,943</u>	<u>4,125</u>	<u>40,004</u>	<u>736,072</u>				
Total liabilities and net position	<u>\$ 697,105</u>	<u>\$ 4,125</u>	<u>\$ 40,004</u>	<u>\$ 741,234</u>				

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trusts
ADDITIONS				
Contributions:				
Plan member	\$ 80,933	\$ -	\$ -	\$ 80,933
Other	-	1,900	-	1,900
Total Contributions	<u>80,933</u>	<u>1,900</u>	<u>-</u>	<u>82,833</u>
Investment earnings:				
Net increase (decrease) in fair value of investments	-	-	-	-
Interest	64	-	4	68
Dividends	-	-	-	-
Less investment expense	-	-	-	-
Net investment earnings	<u>64</u>	<u>-</u>	<u>4</u>	<u>68</u>
Total additions	<u>80,997</u>	<u>1,900</u>	<u>4</u>	<u>82,901</u>
DEDUCTIONS				
Quarterly contribution reports	-	-	-	-
Unemployment claims	60,121	-	-	60,121
Scholarships awarded	-	1,707	-	1,707
Refunds of contributions	-	-	-	-
Administrative expenses	1,491	-	-	1,491
Total deductions	<u>61,612</u>	<u>1,707</u>	<u>-</u>	<u>63,319</u>
Change in net position	19,385	193	4	19,582
Net position—beginning of the year	<u>672,558</u>	<u>3,932</u>	<u>40,000</u>	<u>716,490</u>
Net position—end of the year	<u>\$ 691,943</u>	<u>\$ 4,125</u>	<u>\$ 40,004</u>	<u>\$ 736,072</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Pine Brook School	\$ 239	\$ -	\$ -	\$ 239
Manalapan-Englishtown Middle School	27,182	4,704	2,034	29,852
Odyssey of the Mind Fundraising	887	-	887	-
Wemrock Brook School	1,003	-	-	1,003
General - unallocated	27,847	2,122	13,768	16,201
Total all schools	<u>\$ 57,158</u>	<u>\$ 6,826</u>	<u>\$ 16,689</u>	<u>\$ 47,295</u>

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Payroll Agency Fund
Schedule of receipts and disbursements
For the Fiscal Year ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Payroll deductions and withholdings	\$ 108,406	\$ 28,611,885	\$ 28,612,429	\$ 107,862
Accounts payable	425,711	36,136	425,711	36,136
Intrafund accounts payable	79,376	80,933	79,376	80,933
Interfund accounts payable	<u>38</u>	<u>127</u>	<u>79</u>	<u>86</u>
 Total	 <u>\$ 613,531</u>	 <u>\$ 28,729,081</u>	 <u>\$ 29,117,595</u>	 <u>\$ 225,017</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS PAYABLE
AS OF JUNE 30, 2017**

Issue	Date of Issue	Amount of Issue	Date	Amount	Interest Rate	July 1, 2016	Issued	Retired	Balance June 30, 2016
School District Bonds	10/15/2004	\$ 18,995,000	12/01/17	1,315,000	5.500%	9,270,000	-	1,315,000	7,955,000
			12/01/18	1,320,000	5.500%				
			12/01/19	1,320,000	5.750%				
			12/01/20	1,325,000	5.750%				
			12/01/21	1,335,000	5.750%				
			12/01/22	1,340,000	5.750%				
School District Bonds	10/1/2006	\$ 9,695,000			4.000%	9,500,000	-	9,500,000	-
School District Bonds	1/5/2007	\$ 9,795,000			4.000%	9,555,000	-	9,555,000	-
School District Bonds	1/31/2012	\$ 12,840,000	10/01/17	955,000	4.000%	11,405,000	-	850,000	10,555,000
			10/01/18	1,065,000	4.000%				
			10/01/19	1,175,000	4.000%				
			10/01/20	1,295,000	4.000%				
			10/01/21	1,420,000	4.500%				
			10/01/22	1,555,000	4.000%				
10/01/23	3,090,000	4.000%							
School District Bonds	7/8/2016	\$ 16,585,000	10/01/24	3,010,000	4.000%	-	16,585,000	295,000	16,290,000
			10/01/25	3,130,000	4.000%				
			10/01/26	3,260,000	4.000%				
			10/01/27	3,380,000	4.000%				
			10/01/28	3,510,000	4.000%				
						<u>\$ 39,730,000</u>	<u>\$ 16,585,000</u>	<u>\$ 21,515,000</u>	<u>\$ 34,800,000</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2017**

	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2016	Additions Current Year	Retired Current Year	Balance June 30, 2017
6 - 54 Passenger Buses	1.18%	\$ 571,815	\$ 115,692	\$ -	\$ 115,692	\$ -
5 - 54 Passenger Buses	2.15%	478,384	368,119	-	49,300	318,819
Roof lease purchase	1.84%	1,000,000	203,863	-	203,863	-
2 - 24 Passenger Buses	2.40%	98,320	39,781	-	19,652	20,129
6 - 54 and 2-24 Passenger Buses	1.94%	720,000	-	706,862	19,627	687,235
			<u>\$ 727,455</u>	<u>\$ 706,862</u>	<u>\$ 408,134</u>	<u>\$ 1,026,183</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 3,421,639	\$ -	\$ 3,421,639	\$ 3,421,639	\$ -
Miscellaneous	-	-	-	1,437	1,437
Interest income	-	-	-	-	-
Total revenues - local sources	<u>3,421,639</u>	<u>-</u>	<u>3,421,639</u>	<u>3,423,076</u>	<u>1,437</u>
State sources:					
Debt service aid type II	452,212	-	452,212	452,212	-
Total state sources	<u>452,212</u>	<u>-</u>	<u>452,212</u>	<u>452,212</u>	<u>-</u>
TOTAL REVENUES	<u>3,873,851</u>	<u>-</u>	<u>3,873,851</u>	<u>3,875,288</u>	<u>1,437</u>
EXPENDITURES					
Regular debt service:					
Interest	1,706,894	(295,000)	1,411,894	1,407,528	4,366
Redemption of principal	2,220,000	295,000	2,515,000	2,515,000	-
Total regular debt service	<u>3,926,894</u>	<u>-</u>	<u>3,926,894</u>	<u>3,922,528</u>	<u>4,366</u>
TOTAL EXPENDITURES	<u>3,926,894</u>	<u>-</u>	<u>3,926,894</u>	<u>3,922,528</u>	<u>4,366</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(53,043)</u>	<u>-</u>	<u>(53,043)</u>	<u>(47,240)</u>	<u>5,803</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in:					
Payoff old bonds and interest				(19,377,096)	
Issuance of bonds				16,585,000	
Bond issuance costs				(172,631)	
Bond Premium				2,974,727	
Prepaid Interest				-	
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(53,043)</u>	<u>-</u>	<u>(53,043)</u>	<u>(37,240)</u>	<u>5,803</u>
FUND BALANCES, July 1	<u>53,043</u>	<u>-</u>	<u>53,043</u>	<u>53,044</u>	<u>1</u>
FUND BALANCES, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,804</u>	<u>\$ 5,804</u>

STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	90-95
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	96-99
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue	100-103
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	104-105
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	106-111

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

Manalapan-Englishtown Regional School District
Net Assets by Component
Last Ten Fiscal Years
UNAUDITED
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 41,543,203	\$ 45,563,523	\$ 47,152,557	\$ 48,214,716	\$ 49,305,234	\$ 53,704,479	\$ 43,331,202	\$ 54,812,614	\$ 54,992,019	\$ 55,084,790
Restricted	8,589,571	8,714,054	6,876,066	8,644,609	11,796,996	10,421,869	10,386,596	10,132,234	11,886,877	12,426,296
Unrestricted	2,498,313	(1,114,974)	(856,048)	(2,140,375)	(1,271,895)	(3,581,192)	8,023,356	(35,281,898)	(35,923,798)	(36,255,427)
Total governmental activities net position	\$ 52,631,087	\$ 53,162,603	\$ 53,172,575	\$ 54,718,950	\$ 59,830,335	\$ 60,545,156	\$ 61,741,154	\$ 29,662,950	\$ 30,955,098	\$ 31,255,659
Business-type activities										
Invested in capital assets, net of related debt	\$ 406,439	\$ 397,870	\$ 400,723	\$ 371,425	\$ 334,772	\$ 298,636	\$ 254,423	\$ 224,458	\$ 229,272	\$ 206,440
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	233,029	214,593	202,477	235,200	199,665	206,912	329,089	429,382	532,804	685,879
Total business-type activities net position	\$ 639,468	\$ 612,463	\$ 603,200	\$ 606,625	\$ 534,437	\$ 505,548	\$ 583,512	\$ 653,840	\$ 762,076	\$ 892,319
District-wide										
Invested in capital assets, net of related debt	\$ 41,949,642	\$ 45,961,393	\$ 47,553,280	\$ 48,586,141	\$ 49,640,006	\$ 54,003,115	\$ 43,585,625	\$ 55,037,072	\$ 55,221,291	\$ 55,291,230
Restricted	8,589,571	8,714,054	6,876,066	8,644,609	11,796,996	10,421,869	10,386,596	10,132,234	11,886,877	12,426,296
Unrestricted	2,731,342	(900,381)	(653,571)	(1,905,175)	(1,072,230)	(3,374,280)	8,352,445	(34,852,516)	(35,390,994)	(35,569,548)
Total district net position	\$ 53,270,555	\$ 53,775,066	\$ 53,775,775	\$ 55,325,575	\$ 60,364,772	\$ 61,050,704	\$ 62,324,666	\$ 30,316,790	\$ 31,717,174	\$ 32,147,978

Source: CAFR Schedule A-1

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 31,171,381	\$ 33,506,644	\$ 33,846,747	\$ 33,965,643	\$ 34,006,902	\$ 37,532,659	\$ 35,386,200	\$ 38,746,639	\$ 39,067,252	\$ 39,751,394
Special education	9,922,314	10,682,191	11,389,023	11,552,809	12,262,955	12,948,934	12,808,903	12,047,689	12,906,420	13,383,520
Other instruction	2,641,438	2,655,615	2,838,026	2,679,122	2,612,694	2,868,775	2,927,826	3,263,657	3,489,231	3,790,596
Nonpublic school programs	93,242	84,267	43,278	19,443	27,951	1,163	7,610	6,452	11,599	12,660
Support Services:										
Tuition	1,888,440	2,050,142	1,906,419	1,776,313	1,278,061	778,637	851,059	865,841	1,155,728	1,301,087
Student & instruction related services	7,779,382	6,845,377	7,128,059	6,291,708	7,303,248	7,114,304	7,357,737	7,590,149	7,829,552	8,156,242
General and Business administrative services	2,732,552	2,044,524	2,718,555	2,558,380	2,496,830	2,873,262	2,644,108	2,703,274	2,965,907	2,762,147
School administrative services	3,786,233	2,897,738	2,903,631	2,771,894	2,849,889	2,891,820	3,061,874	3,169,779	3,295,333	3,430,965
Plant operations and maintenance	8,902,229	7,973,821	8,451,271	7,355,550	7,975,529	7,939,864	9,433,435	8,662,640	8,142,265	9,105,355
Pupil transportation	5,921,455	5,778,039	5,442,491	5,723,635	5,754,887	6,540,131	7,133,698	7,207,730	6,971,802	6,422,458
Charter Schools	-	-	-	-	-	-	-	100,090	91,255	28,418
Interest on long-term debt	2,624,909	2,608,523	2,428,292	3,054,333	1,247,365	2,289,266	1,907,067	1,498,596	1,431,044	1,152,291
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>77,463,575</u>	<u>77,126,881</u>	<u>79,095,792</u>	<u>77,748,830</u>	<u>77,816,311</u>	<u>83,778,815</u>	<u>83,519,517</u>	<u>85,862,536</u>	<u>87,357,388</u>	<u>89,297,133</u>
Business-type activities:										
Food service	1,650,433	1,709,349	1,856,888	1,851,344	1,978,515	2,012,408	1,994,809	1,945,349	1,972,328	1,887,642
Total business-type activities expense	<u>1,650,433</u>	<u>1,709,349</u>	<u>1,856,888</u>	<u>1,851,344</u>	<u>1,978,515</u>	<u>2,012,408</u>	<u>1,994,809</u>	<u>1,945,349</u>	<u>1,972,328</u>	<u>1,887,642</u>
Total district expenses	<u>\$ 79,114,008</u>	<u>\$ 78,836,230</u>	<u>\$ 80,952,680</u>	<u>\$ 79,600,174</u>	<u>\$ 79,794,826</u>	<u>\$ 85,791,223</u>	<u>\$ 85,514,326</u>	<u>\$ 87,807,885</u>	<u>\$ 89,329,716</u>	<u>\$ 91,184,775</u>
Program Revenues										
Governmental activities:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,215
Operating grants and contributions	10,162,308	6,402,574	6,716,398	6,796,854	7,130,823	8,444,545	7,511,687	7,699,434	8,234,480	8,791,830
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>10,162,308</u>	<u>6,402,574</u>	<u>6,716,398</u>	<u>6,796,854</u>	<u>7,130,823</u>	<u>8,444,545</u>	<u>7,511,687</u>	<u>7,699,434</u>	<u>8,234,480</u>	<u>8,829,045</u>

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services										
Food service	1,362,815	1,391,715	1,492,831	1,494,172	1,519,902	1,548,527	1,624,960	1,576,958	1,613,078	1,592,432
Operating grants and contributions	270,335	290,629	354,794	360,597	386,425	434,992	447,780	438,677	467,434	425,389
Total business type activities program revenues	1,633,150	1,682,344	1,847,625	1,854,769	1,906,327	1,983,519	2,072,740	2,015,635	2,080,512	2,017,821
Total district program revenues	<u>\$ 11,795,458</u>	<u>\$ 8,084,918</u>	<u>\$ 8,564,023</u>	<u>\$ 8,651,623</u>	<u>\$ 9,037,150</u>	<u>\$ 10,428,064</u>	<u>\$ 9,584,427</u>	<u>\$ 9,715,069</u>	<u>\$ 10,314,992</u>	<u>\$ 10,846,866</u>
Net (Expense)/Revenue										
Governmental activities	\$ (67,301,267)	\$ (70,724,307)	\$ (72,379,394)	\$ (70,951,976)	\$ (70,685,488)	\$ (75,334,270)	\$ (76,007,830)	\$ (78,163,102)	\$ (79,122,908)	\$ (80,468,088)
Business-type activities	(17,283)	(27,005)	(9,263)	3,425	(72,188)	(28,889)	77,931	70,286	108,184	130,179
Total district-wide net expense	<u>\$ (67,318,550)</u>	<u>\$ (70,751,312)</u>	<u>\$ (72,388,657)</u>	<u>\$ (70,948,551)</u>	<u>\$ (70,757,676)</u>	<u>\$ (75,363,159)</u>	<u>\$ (75,929,899)</u>	<u>\$ (78,092,816)</u>	<u>\$ (79,014,724)</u>	<u>\$ (80,337,909)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 45,271,265	\$ 46,624,684	\$ 48,175,874	\$ 49,550,724	\$ 50,541,738	\$ 51,552,572	\$ 52,583,623	\$ 54,942,228	\$ 56,603,915	\$ 58,286,034
Taxes levied for debt service	4,654,157	3,086,701	3,416,908	3,500,861	3,504,357	3,386,723	3,454,447	3,451,646	3,457,532	3,421,639
Unrestricted grants and contributions	18,651,092	20,881,811	20,633,679	19,140,955	20,954,349	20,489,664	20,511,322	19,876,153	19,767,029	19,138,157
Tuition received	6,722	2,101	618	-	28,529	215,398	384,137	25,194	22,326	-
Investment earnings	337,246	183,020	8,984	5,380	4,769	2,419	2,310	1,973	3,055	5,141
Miscellaneous income	393,236	477,505	210,878	300,431	763,131	402,316	268,022	377,281	561,251	(82,322)
Total governmental activities	<u>69,313,718</u>	<u>71,255,822</u>	<u>72,446,941</u>	<u>72,498,351</u>	<u>75,796,873</u>	<u>76,049,092</u>	<u>77,203,861</u>	<u>78,674,475</u>	<u>80,415,108</u>	<u>80,768,649</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	64
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>
Total district-wide	<u>\$ 69,313,718</u>	<u>\$ 71,255,822</u>	<u>\$ 72,446,941</u>	<u>\$ 72,498,351</u>	<u>\$ 75,796,873</u>	<u>\$ 76,049,092</u>	<u>\$ 77,203,861</u>	<u>\$ 78,674,475</u>	<u>\$ 80,415,108</u>	<u>\$ 80,768,713</u>
Change in Net Position										
Governmental activities	\$ 2,012,451	\$ 531,515	\$ 67,547	\$ 1,546,375	\$ 5,111,385	\$ 714,822	\$ 1,196,031	\$ 511,373	\$ 1,292,200	\$ 300,561
Business-type activities	(17,283)	(27,005)	(9,263)	3,425	(72,188)	(28,889)	77,931	70,286	108,184	130,243
Total district	<u>\$ 1,995,168</u>	<u>\$ 504,510</u>	<u>\$ 58,284</u>	<u>\$ 1,549,800</u>	<u>\$ 5,039,197</u>	<u>\$ 685,933</u>	<u>\$ 1,273,962</u>	<u>\$ 581,659</u>	<u>\$ 1,400,384</u>	<u>\$ 430,804</u>

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,741,564	\$ 5,049,103	\$ 5,074,406	\$ 6,244,982	\$ 9,914,147	\$ 10,301,335	\$ 10,266,327	\$ 10,079,164	\$ 11,833,833	\$ 12,410,492
Unreserved	1,579,787	(424,907)	(563,211)	(91,073)	(35,804)	(260,329)	(201,884)	(218,997)	167,884	134,308
Total general fund	<u>\$ 3,321,351</u>	<u>\$ 4,624,196</u>	<u>\$ 4,511,195</u>	<u>\$ 6,153,909</u>	<u>\$ 9,878,343</u>	<u>\$ 10,041,006</u>	<u>\$ 10,064,443</u>	<u>\$ 9,860,167</u>	<u>\$ 12,001,717</u>	<u>\$ 12,544,800</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 5,627,141	\$ 3,820,098	\$ 2,397,817	\$ 1,844,302	\$ 120,193	\$ 120,193	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	7,429,795	-	-	-	-	-	-	-	-	-
Debt service fund	173,382	(99,842)	426	1,810	38,547	341	76	53,070	53,044	15,804
Total all other governmental funds	<u>\$ 7,603,177</u>	<u>\$ 5,527,299</u>	<u>\$ 3,820,524</u>	<u>\$ 2,399,627</u>	<u>\$ 1,882,849</u>	<u>\$ 120,534</u>	<u>\$ 120,269</u>	<u>\$ 53,070</u>	<u>\$ 53,044</u>	<u>\$ 15,804</u>

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 49,925,422	\$ 49,711,385	\$ 51,592,782	\$ 53,051,585	\$ 54,046,095	\$ 54,939,295	\$ 56,038,070	\$ 58,393,874	\$ 60,061,447	\$ 61,707,673
Tuition charges	6,722	2,101	618	-	28,529	215,398	384,137	25,194	22,326	37,215
Interest earnings	337,246	183,020	8,984	5,380	4,769	2,419	2,277	1,931	3,003	5,141
Miscellaneous	393,236	497,002	241,804	296,182	527,720	487,419	372,775	367,381	527,938	561,479
State sources	26,851,458	25,479,664	22,454,877	23,711,740	25,547,795	27,211,235	26,283,087	26,102,953	26,337,845	26,286,212
Federal sources	1,997,503	1,785,224	4,864,274	2,206,537	2,317,732	1,576,166	1,585,962	1,472,634	1,663,664	1,643,775
Total revenue	79,511,587	77,658,396	79,163,339	79,271,424	82,472,640	84,431,932	84,666,308	86,363,967	88,616,223	90,241,495
Expenditures										
Instruction										
Regular instruction	30,064,503	31,798,853	24,832,870	23,784,432	23,947,743	25,451,372	25,555,459	26,906,059	26,245,090	26,624,026
Special education instruction	9,816,932	10,558,365	8,894,859	8,951,764	9,595,241	10,100,122	9,942,662	9,014,473	9,489,536	9,810,505
Other instruction	2,641,438	2,655,615	2,200,042	2,011,394	1,926,260	2,129,293	2,187,052	2,476,876	2,597,128	2,854,593
Nonpublic school programs	93,242	84,267	43,278	19,443	27,951	1,163	7,610	6,452	11,599	12,660
Support Services:										
Student & instruction related services	9,508,313	8,725,739	8,834,805	7,871,127	8,383,459	7,715,145	7,999,564	8,349,238	8,781,944	9,260,737
General administrative services	1,046,952	760,764	1,385,295	1,193,952	1,083,987	1,238,646	1,057,947	1,128,898	1,259,453	1,071,405
School Administrative services	3,769,498	2,880,785	2,883,934	2,752,470	2,832,183	2,874,384	3,042,105	3,150,236	3,276,121	3,412,390
Business administrative services	1,685,600	1,283,760	1,333,260	1,362,928	1,411,343	1,633,116	1,584,661	1,572,876	1,704,954	1,690,742
Plant operations and maintenance	8,788,456	7,945,281	8,017,578	7,404,814	7,184,989	7,487,507	8,627,838	7,916,526	7,560,116	7,605,564
Pupil transportation	5,449,955	5,514,689	5,589,827	5,728,581	5,730,278	6,366,826	6,918,548	6,995,038	6,762,715	6,940,133
Unallocated employee benefits	-	-	10,633,068	11,128,801	11,440,563	12,324,707	12,346,233	13,047,464	13,968,989	15,215,905
Capital outlay	6,116,652	3,722,024	2,267,640	2,906,548	2,692,399	5,390,179	1,509,705	2,607,956	890,423	2,031,326
Debt service:										
Principal	3,580,000	1,630,000	1,695,000	1,750,000	15,295,000	1,915,000	2,015,000	2,065,000	2,125,000	2,515,000
Interest and other charges	2,624,909	2,439,462	2,371,662	2,300,949	2,008,653	2,032,428	1,947,072	1,876,734	1,801,631	1,407,528
Total expenditures	85,186,450	79,999,603	80,983,118	79,167,203	93,560,039	86,659,888	84,741,456	87,113,826	86,474,699	90,452,514
Excess (Deficiency) of revenues over (under) expenditures	(5,674,863)	(2,341,207)	(1,819,779)	104,221	(11,087,399)	(2,227,956)	(75,148)	(749,859)	2,141,524	(211,019)
Other Financing sources (uses)										
Capital leases (non-budgeted)	803,186	683,895	-	117,599	1,000,000	571,815	98,320	478,384	-	706,862
Payoff of old debt	-	-	-	-	-	-	-	-	-	(19,377,096)
Bond proceeds	-	-	-	-	12,840,000	-	-	-	-	16,585,000
Bond premium	-	-	-	-	1,719,176	56,489	-	-	-	2,974,727
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Prepaid interest	-	-	-	-	(1,118,119)	-	-	-	-	-
Costs of issuance	-	-	-	-	(146,002)	-	-	-	-	(172,631)
Transfers in	29,277	945,160	100,266	1,382	244	2,046,045	27	53,042	-	-
Transfers out	(29,277)	(60,881)	(100,266)	(1,382)	(244)	(2,046,045)	(27)	(53,042)	-	-
Total other financing sources (uses)	803,186	1,568,174	-	117,599	14,295,055	628,304	98,320	478,384	-	716,862
Net change in fund balances	\$ (4,871,677)	\$ (773,033)	\$ (1,819,779)	\$ 221,820	\$ 3,207,656	\$ (1,599,652)	\$ 23,172	\$ (271,475)	\$ 2,141,524	\$ 505,843
Debt service as a percentage of noncapital expenditures	7.8%	5.3%	5.2%	5.3%	19.0%	4.9%	4.8%	4.7%	4.6%	4.4%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2008	307,969	6,722	16,223	355,998	686,912
2009	116,351	2,101	16,610	477,505	612,567
2010	173	618	6,560	204,318	211,669
2011	2,350	-	28,095	248,555	279,000
2012	3,808	28,529	29,918	278,157	340,412
2013	1,238	215,398	25,145	371,955	613,736
2014	1,360	384,137	25,145	193,670	604,312
2015	1,375	25,194	25,145	271,236	322,950
2016	1,443	22,326	25,145	360,015	408,929
2017	1,588	37,215	25,145	415,459	479,407

Source: District records

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

MANALAPAN TOWNSHIP

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2008	200,478,700	5,658,484,200	36,779,500	2,315,700	403,109,300	24,603,500	-	6,325,770,900	-	6,259,661	6,332,030,561	0.747	6,267,559,710
2009	160,219,400	5,732,755,580	36,725,860	2,314,400	425,667,160	24,603,500	-	6,382,285,900	-	7,636,903	6,389,922,803	0.776	6,480,948,402
2010	102,803,800	5,111,385,600	32,933,960	2,338,000	377,965,540	24,667,000	-	5,652,093,900	-	9,382,496	5,661,476,396	1.684	6,542,677,046
2011	102,803,800	5,111,395,600	32,933,900	2,253,000	380,040,400	22,667,200	-	5,652,093,900	-	9,382,496	5,661,476,396	1.888	6,281,820,516
2012	84,044,500	5,183,906,700	32,780,800	2,354,500	393,960,900	22,667,200	-	5,719,714,600	-	9,382,496	5,729,097,096	1.961	5,746,321,400
2013	58,673,900	5,299,331,500	31,538,900	2,316,400	378,911,200	20,269,600	-	5,791,041,500	-	9,382,496	5,800,423,996	1.995	6,109,982,591
2014	47,846,600	5,359,086,600	32,130,400	2,269,200	380,616,076	20,269,600	-	5,842,218,476	-	-	5,842,218,476	2.044	6,109,982,591
2015	47,846,600	5,393,486,200	32,130,400	2,269,200	380,616,076	20,269,600	-	5,876,618,076	-	-	5,876,618,076	1.990	6,109,982,591
2016	34,938,600	5,786,849,660	33,999,000	1,956,900	423,168,000	20,454,000	-	6,301,366,160	-	-	6,301,366,160	1.969	6,109,982,591
2017	35,776,600	5,872,797,400	35,508,500	1,944,000	432,624,800	20,863,100	-	6,399,514,400	-	-	6,399,514,400	1.986	6,478,903,327

ENGLISHTOWN TOWNSHIP

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2008	3,353,400	198,838,400	-	-	42,425,900	10,229,600	1,262,100	256,109,400	-	3,772,717	259,882,117	1.927	238,835,137
2009	3,978,000	198,110,000	-	-	42,080,100	9,879,300	1,262,100	255,309,500	-	5,904,759	261,214,259	0.758	246,645,548
2010	3,892,300	198,206,200	-	-	42,019,600	9,879,300	1,262,100	255,259,500	-	4,454,063	259,713,563	1.669	250,643,293
2011	3,788,700	198,279,700	-	-	39,134,100	9,879,300	1,262,100	252,343,900	-	4,454,063	256,797,963	1.775	242,547,058
2012	2,384,300	201,896,900	-	-	35,742,000	8,583,900	1,262,100	249,869,200	-	4,454,063	249,869,200	1.788	233,987,214
2013	3,274,100	206,535,000	-	-	35,332,500	7,617,200	1,262,100	254,020,900	-	4,454,063	258,474,963	1.909	221,639,386
2014	3,274,100	206,535,000	-	-	35,332,500	7,617,200	1,262,100	254,020,900	-	-	254,020,900	1.969	221,639,386
2015	1,654,800	183,619,000	-	-	34,989,900	6,358,900	1,328,100	227,950,700	-	-	227,950,700	2.114	221,639,386
2016	1,576,900	183,420,400	-	-	35,820,000	6,452,500	13,268,100	240,537,900	-	-	240,537,900	2.114	221,639,386
2017	1,348,800	185,500,700	-	-	36,071,000	6,393,900	13,302,100	242,616,500	-	-	242,616,500	2.258	240,482,239

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Manalapan Township

Fiscal Year Ended June 30,	Manalapan-Englishtown Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Freehold Regional School District	Manalapan Township	Library/Other	Monmouth County	
2008	0.700	0.076	0.776	0.360	0.284	0.014	0.230	1.664
2009	0.700	0.076	0.776	0.364	0.295	0.014	0.235	1.684
2010	0.753	0.076	0.829	0.432	0.332	0.016	0.279	1.888
2011	0.849	0.060	0.909	0.421	0.332	0.020	0.279	1.961
2012	0.849	0.063	0.912	0.420	0.339	0.017	0.282	1.970
2013	0.862	0.063	0.925	0.425	0.345	0.018	0.282	1.995
2014	0.882	0.063	0.945	0.436	0.352	0.019	0.292	2.044
2015	0.869	0.063	0.932	0.420	0.341	0.018	0.279	1.990
2016	0.870	0.063	0.933	0.414	0.338	0.018	0.266	1.969
2017	0.887	0.063	0.950	0.418	0.341	0.018	0.259	1.986

Englishtown Borough

Fiscal Year Ended June 30,	Manalapan-Englishtown Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Freehold Regional School District	Englishtown Borough	Library/Other	Monmouth County	
2008	0.687	0.071	0.758	0.268	0.328	0.012	0.225	1.591
2009	0.707	0.045	0.752	0.303	0.365	0.013	0.236	1.669
2010	0.784	0.024	0.808	0.318	0.385	0.013	0.251	1.775
2011	0.785	0.054	0.839	0.299	0.405	0.013	0.232	1.788
2012	0.729	0.049	0.778	0.393	0.462	0.014	0.262	1.909
2013	0.729	0.057	0.786	0.404	0.498	0.002	0.265	1.955
2014	0.755	0.057	0.812	0.372	0.558	0.002	0.253	1.997
2015	0.816	0.057	0.873	0.373	0.591	0.001	0.276	2.114
2016	0.816	0.057	0.913	0.380	0.621	0.212	0.266	2.392
2017	0.816	0.057	0.933	0.414	0.621	0.038	0.252	2.258

Source: District Records and Municipal Tax Collector

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

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

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

MANALAPAN TOWNSHIP

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Manalapan Realty	\$ 43,909,100	1	0.72%	\$ 47,858,000	1	0.76%
Manalapan VF	29,989,700	2	0.49%	28,058,600	2	0.44%
Towne Point Associates	12,127,000	3	0.20%	13,334,300	6	0.21%
Trans Equity Realty, LLC	10,082,400	4	0.16%	10,892,800	8	0.17%
Taylor 9 South Associates, LLC	8,102,300	5	0.13%	8,531,900	10	0.14%
Lenine, LLC	7,257,300	8	0.12%			
Pension Road Realty	6,632,000	6	0.11%			
Monmouth Investors	6,174,000	7	0.10%			
Benbrooke Galleria C/O Pretium Mgmt	6,202,300	9	0.10%			
HCRI NY-NJ Properties LLC	4,309,400	10	0.07%			
Hearthstone Multi-Asset Entity A, LP				18,016,200	3	0.28%
K.Hovnanian at Manalapan II				17,841,000	4	0.28%
198 & 200 Manalapan, LLC				14,384,600	5	0.23%
Westmon Corp.				11,442,400	7	0.18%
Battleground d/b/a Fairways				9,215,200	9	0.15%
Total	\$ 134,785,500		2.20%	\$ 179,575,000		2.84%

ENGLISHTOWN BOROUGH

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Stamford Square LLC	12,309,000	1				
Three Corners Ventures LLC	4,802,500	2				
BAL Governor's Crossing LLC	4,467,700	3		5,000,000	1	1.92%
Village Center Associates LLC	3,122,300	4		1,144,600	5	0.44%
AMBE	3,095,900	5				
Wemacs, LLC	2,421,200	6		628,000	7	0.24%
Brooklawn Gardens, Inc.	2,042,200	7		955,100	6	0.37%
DCD LLC	2,013,500	8				
Five South Main St LLC	1,967,100	9				
Degiacomo Realty LLC	1,234,800	10		533,000	9	0.21%
Moskowitz, K Trust & Berger V				524,400	10	0.20%
BTR Englishtown, LLC				2,796,100	2	1.08%
Verizon New Jersey				1,470,831	3	0.57%
Individual Taxpayer #1				1,219,200	4	0.47%
K&K Englishtown, Inc.				550,000	8	0.21%
Total	\$ 37,476,200		0.00%	\$ 14,821,231		5.71%

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

MANALAPAN TOWNSHIP

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

ENGLISHTOWN BOROUGH

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

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2008	55,380,000	-	809,476	-	-	56,189,476	0.09%	51,455	
2009	53,750,000	-	1,087,289	-	-	54,837,289	0.10%	54,801	
2010	52,055,000	-	691,982	-	-	52,746,982	0.11%	56,755	
2011	50,305,000	-	478,959	-	-	50,783,959	0.11%	54,771	
2012	47,850,000	-	1,181,435	-	-	49,031,435	0.12%	56,955	
2013	45,935,000	-	1,258,930	-	-	47,193,930	0.12%	58,355	
2014	43,920,000	-	1,026,782	-	-	44,946,782	0.14%	61,426	
2015	41,855,000	-	1,111,256	-	-	42,966,256	0.15%	62,901	
2016	39,730,000	-	727,455	-	-	40,457,455	0.16%	66,019	
2017	34,800,000	-	1,026,183	-	-	35,826,183	0.19%	69,410	

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

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

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

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2008	55,380,000	-	55,380,000	0.84%	51,455
2009	53,750,000	-	53,750,000	0.81%	54,801
2010	52,055,000	-	52,055,000	0.88%	56,755
2011	50,305,000	-	50,305,000	0.85%	54,771
2012	47,850,000	-	47,850,000	0.80%	56,955
2013	45,935,000	-	45,935,000	0.76%	58,355
2014	43,920,000	-	43,920,000	0.72%	61,426
2015	41,855,000	-	41,855,000	0.68%	62,901
2016	39,730,000	-	39,730,000	0.61%	66,019
2017	34,800,000	-	34,800,000	0.52%	69,410

Note:

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

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

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

**Manalapan-Englishtown Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Manalapan Township	\$ 19,547,516	100.0000%	\$ 19,547,516
Englishtown Borough	1,115,000	100.0000%	1,115,000
Other debt			
Western Monmouth Utility Authority	8,646,648	50.2928%	4,348,641
Freehold Regional High School:			
Manalapan Township	14,840,000	19.67785%	2,920,193
Englishtown Borough	14,840,000	0.741706%	110,070
Monmouth County:			
Manalapan Township	456,319,190	5.5600%	25,371,348
Englishtown Borough	456,319,190	0.2000%	912,638
Subtotal, overlapping debt			<u>54,325,406</u>
Manalapan-Englishtown School District Direct Debt			<u>34,800,000</u>
Total direct and overlapping debt			<u><u>\$ 89,125,406</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis	
2016	\$ 6,478,903,327
2015	6,385,559,229
2014	6,234,359,701
[A]	<u>\$ 19,098,822,257</u>
Average equalized valuation of taxable property	
[A/3]	\$ 6,366,274,086
Debt limit (3% of average equalization value)	
[B]	190,988,223 ^a
[C]	33,293,160
[B-C]	<u>\$ 157,695,063</u>

Fiscal Year for Manalapan Township

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 171,620,206	\$ 185,860,588	\$ 192,081,122	\$ 193,054,460	\$ 185,708,190	\$ 181,381,245	\$ 179,662,866	\$ 184,518,826	\$ 187,299,015	\$ 190,988,223
Total net debt applicable to limit	52,982,046	51,422,625	49,801,019	48,126,794	45,778,095	43,946,015	42,018,264	40,042,679	38,009,691	33,293,160
Legal debt margin	<u>\$ 118,638,160</u>	<u>\$ 134,437,963</u>	<u>\$ 142,280,103</u>	<u>\$ 144,927,666</u>	<u>\$ 139,930,095</u>	<u>\$ 137,435,230</u>	<u>\$ 137,644,602</u>	<u>\$ 144,476,147</u>	<u>\$ 149,289,324</u>	<u>\$ 157,695,063</u>
Total net debt applicable to the limit as a percentage of debt limit	30.87%	27.67%	25.93%	24.93%	24.65%	24.23%	23.39%	21.70%	20.29%	17.43%

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis	
2016	\$ 240,482,239
2015	232,973,581
2014	223,236,967
[A]	<u>\$ 696,692,787</u>
Average equalized valuation of taxable property	
[A/3]	\$ 232,230,929
Debt limit (3% of average equalization value)	
[B]	6,966,928 ^a
[C]	1,506,840
[B-C]	<u>\$ 5,460,088</u>

Fiscal Year for Englishtown Borough

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 6,462,418	\$ 7,034,992	\$ 7,364,512	\$ 7,398,359	\$ 7,271,776	\$ 6,981,737	\$ 6,772,660	\$ 6,702,030	\$ 6,778,499	\$ 6,966,928
Total net debt applicable to limit	2,397,954	2,327,375	2,253,982	2,178,207	2,071,905	1,988,986	1,901,736	1,812,322	1,720,309	1,506,840
Legal debt margin	<u>\$ 4,064,464</u>	<u>\$ 4,707,617</u>	<u>\$ 5,110,530</u>	<u>\$ 5,220,152</u>	<u>\$ 5,199,871</u>	<u>\$ 4,992,751</u>	<u>\$ 4,870,924</u>	<u>\$ 4,889,708</u>	<u>\$ 5,058,190</u>	<u>\$ 5,460,088</u>
Total net debt applicable to the limit as a percentage of debt limit	37.11%	33.08%	30.61%	29.44%	28.49%	28.49%	28.08%	27.04%	25.38%	21.63%

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

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

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

MANALAPAN TOWNSHIP

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2008	39,063	2,071,718,441	57,028	3.2%
2009	38,956	2,134,827,756	54,801	4.2%
2010	39,390	2,235,579,450	56,755	7.8%
2011	38,872	2,129,058,312	54,771	7.8%
2012	38,872	2,213,954,760	56,955	7.8%
2013	39,229	2,289,208,295	58,355	8.3%
2014	39,851	2,447,887,526	61,426	7.0%
2015	39,987	2,515,222,287	62,901	4.4%
2016	40,169	2,651,917,211	66,019	4.4%
2017	40,018	2,777,649,380	69,410	4.1%

ENGLISHTOWN BOROUGH

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2008	1,914	96,970,411	57,028	3.1%
2009	1,917	105,053,517	54,801	4.0%
2010	1,916	108,742,580	56,755	6.7%
2011	1,916	104,941,236	54,771	6.8%
2012	1,916	109,125,780	56,955	6.8%
2013	1,909	111,399,695	58,355	7.1%
2014	1,948	119,657,848	61,426	6.4%
2015	1,962	123,411,762	62,901	6.4%
2016	1,955	129,067,145	66,019	5.4%
2017	1,938	134,516,580	69,410	4.5%

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

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

Employer	2017			2008		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Manalapan-Englishtown Regional School District	822	1	0.00%	816	1	0.00%
Wegman's Super Market	600	2	0.00%	510	2	0.00%
Manalapan Township	180	3	0.00%	165	6	0.00%
Target	147	4	0.00%			
Navicore Solutions	112	5	0.00%			
Applebee's	65	6	0.00%			
Rex Lumber	57	7	0.00%	80	9	0.00%
Western Monmouth Utilities	55	8	0.00%	59		
Club Metro	50	9	0.00%			
Turning Point	42	10	0.00%			
Schoor DePalma				416	3	0.00%
Best Buy, Inc.				200	4	0.00%
Reiss Manufacturing, Inc.				175	5	0.00%
Hair Systems, Inc.				105	7	0.00%
Pinebrook Care Center				100	8	0.00%
Liberty Manor				60	10	0.00%
	<u>2,130</u>		<u>0.00%</u>	<u>2,686</u>		<u>14.40%</u>

Source: Township Administration Office

Note: Percentage of total employment not available.

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	339	349	256	270	271	273	296	289	291	291
Special education	118	128	163	160	156	166	180	172	172	180
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	154	154	131	133	135	133	84	120	114	110
General administrative services	21	4	3	2	2	2	2	2	2	2
School administrative services	40	40	40	35	42	37	38	39	39	39
Business administrative services	6	6	6	14	16	16	16	17	17	17
Plant operations and maintenance	63	63	62	65	62	96	96	98	101	97
Pupil transportation	75	75	85	86	85	89	91	89	90	86
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	816	819	746	765	769	812	803	826	826	822

Source: District Personnel Records

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

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2008	5,521	64,169,311	11,623	#DIV/0!	457	13:01	14:01	5,499	5,266	0.11%	95.80%
2009	5,464	72,208,117	13,215	13.70%	819	13:01	14:01	5,464	5,204	-0.64%	95.20%
2010	5,364	74,648,816	13,917	5.31%	746	13:01	14:01	5,400	5,176	-1.17%	95.90%
2011	5,275	72,209,706	13,689	-1.64%	765	13:01	14:01	5,292	5,047	-2.00%	95.90%
2012	5,161	73,563,998	14,254	4.13%	769	11:01	12:01	5,195	4,980	-1.83%	95.90%
2013	5,136	77,322,281	15,055	5.62%	812	11:01	12:01	5,118	4,906	-1.49%	95.87%
2014	5,090	79,269,679	15,574	3.45%	803	13:01	13:01	5,057	4,849	-1.19%	95.89%
2015	5,116	80,564,136	15,747	1.12%	826	12:01	12:01	5,097	4,889	0.79%	95.92%
2016	5,039	81,657,645	16,205	2.91%	826	12:01	12:01	5,097	4,889	0.00%	95.92%
2017	5,059	84,498,660	16,703	3.07%	822	12:01	12:01	5,010	4,799	-1.71%	95.79%

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

Note: Enrollment based on annual October district count.

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

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

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building											
Early Learning Center											
John I. Dawes Early Learning Center (2008)	Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
	Capacity (students)	550	550	550	550	550	550	550	550	550	550
	Enrollment	530	530	530	530	530	530	530	530	530	530
Elementary											
Clark Mills Elementary (1957)	Square Feet	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551
	Capacity (students)	851	851	851	851	851	851	851	851	851	851
	Enrollment	605	605	605	605	605	605	605	605	605	605
Taylor Mills Elementary (1965)	Square Feet	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454
	Capacity (students)	521	521	521	521	521	521	521	521	521	521
	Enrollment	519	519	519	519	519	519	519	519	519	519
Pine Brook Elementary (1966)	Square Feet	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260
	Capacity (students)	816	816	816	816	816	816	816	816	816	816
	Enrollment	778	778	778	778	778	778	778	778	778	778
Lafayette Mills Elementary (1968)	Square Feet	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230
	Capacity (students)	517	517	517	517	517	517	517	517	517	517
	Enrollment	508	508	508	508	508	508	508	508	508	508
Milford Brook Elementary (1971)	Square Feet	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900
	Capacity (students)	584	584	584	584	584	584	584	584	584	584
	Enrollment	604	604	604	604	604	604	604	604	604	604
Wemrock Brook Elementary (2002)	Square Feet	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252
	Capacity (students)	642	642	642	642	642	642	642	642	642	642
	Enrollment	631	631	631	631	631	631	631	631	631	631
Middle School											
Manalapan Englishtown Middle (1992)	Square Feet	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977
	Capacity (students)	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424
	Enrollment	1,346	1,346	1,346	1,346	1,346	1,346	1,346	1,346	1,346	1,346
Other											
Administration Building (1909)	Square Feet	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109
Transportation (2002)	Square Feet	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760
Bus Repair Facility (2003)	Square Feet	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Bus Wash Facility (2002)	Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Fuel Facility (2002)	Square Feet	-	-	-	-	-	-	-	-	-	-
Number of Schools at June 30, 2017	Early Learning Center = 1										
	Elementary = 6										
	Middle School = 1										
	Other = 5										

Source: District records, ASSA

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

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

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

* School Facilities Project # (s)	Clark Mills Elementary N/A	Lafayette Mills Elementary N/A	Manalapan- Englishtown Middle N/A	Milford Brook Elementary N/A	Pine Brook Elementary N/A	Taylor Mills Elementary N/A	Wemrock Brook Elementary N/A	John I. Dawes Early Learning Center N/A	Other Facilities	Total
2008	154,123	181,766	244,945	169,653	176,589	141,702	159,259	11,799	-	1,239,836
2009	144,111	123,889	546,608	134,998	163,134	143,921	192,508	82,292	49,706	1,581,167
2010	110,392	94,901	418,714	103,411	124,964	110,246	147,465	63,037	38,076	1,507,756
2011	94,956	81,632	360,167	88,952	107,491	94,831	126,846	54,223	32,752	1,041,851
2012	84,031	72,239	318,727	78,717	95,123	83,920	112,251	47,984	28,984	921,976
2013	110,392	94,901	418,714	103,411	124,964	110,246	147,465	63,037	38,076	1,211,208
2014	117,546	101,052	445,850	110,113	133,063	117,391	157,022	67,123	40,544	1,289,704
2015	82,763	71,149	313,918	77,530	93,688	82,654	110,558	47,260	28,546	908,067
2016	84,014	72,225	318,662	78,701	95,104	83,903	112,228	47,975	28,978	921,790
2017	93,296	80,204	353,869	87,396	105,611	93,173	124,628	53,275	32,179	1,023,631
Total School Facilities	\$ 1,075,624	\$ 973,958	\$ 3,740,174	\$ 1,032,882	\$ 1,219,731	\$ 1,061,987	\$ 1,390,230	\$ 538,005	\$ 317,841	\$ 11,646,986

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

Source: District records

**Manalapan-Englishtown Regional School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2017
Unaudited**

Company	Type of Coverage	Coverage	Deductible
COMMERCIAL PACKAGE POLICY			
Utica Mutual Insurance	Property Blanket Building & Contents (Replacement Cost Values)	\$ 254,540,265	\$ 5,000
	Flood	2,515,000	25,000
	Earthquake	3,000,000	25,000
	Limited Water Damage	500,000	-
	Sewer Back Up	1,000,000	-
	Personal Property Limit	Included	-
	Business Income/Extra Expense	Actual loss sustained	-
	Property in Transit	100,000	
	Property off Premises	100,000	
	Data Processing Equipment	75,000	
	Data Media & Computer Programs	10,000	
	Extra Expense	10,000	-
	Boiler & Machinery	Included	25,000
	Ordinance or Law Coverage		
	Coverage A - Loss to undamaged portion of insured bldg	Value per SOV	-
	Coverage B - Demolition Cost	1,000,000	-
	Coverage C - Inc Cost of Insurance	1,000,000	1,000
	Pollutant Clean-up & Removal	100,000	-
	Utility Services Per Building	500,000	-
	Miscellaneous Equipment	500,000	500
Utica Mutual Insurance	Inland Marine: Additional Limits		
	Data/Media Computer Programs - Blanket All Locations	7,653,300	1,000
	Extra Expense - Blanket All Locations	240,000	-
	Musical Instruments	500,000	500
	Outside Equipment	25,000	-
	Valuable Papers & Records	100,000	-
Utica Mutual Insurance	Crime Coverage		
	Employee Dishonesty	100,000	500
	Forgery or Alteration	100,000	None
	Money & Securities		
	Inside Premises	25,000	-
	Outside Premises	25,000	-
Utica Mutual Insurance	Comprehensive General Liability		
	Per Occurrence	1,000,000	None
	General Aggregate	3,000,000	None
	Products/Completed Operations	3,000,000	None
	Personal/Advertising Injury	1,000,000	None
	Fire/Legal Damage	1,000,000	None
	Medical Expense	10,000	None
	Employee Benefit Liability(excludes students)	1,000,000	1,000
	Aggregate	3,000,000	1,000
	School District/Educational Legal		
	Occurrence	1,000,000	-
	Aggregate	3,000,000	-
	Retention	10,000	-
	Maximum Additional Defense	100,000/50,000	-
	Abuse/Molestation Liability	-	-
	Each Claim	1,000,000	-
	Aggregate	3,000,000	-

(Continued)

Source: District Records

**Manalapan-Englishtown Regional School District
Insurance Schedule
For the Fiscal Year Ended June 30, 2017
Unaudited**

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

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Board of Education of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

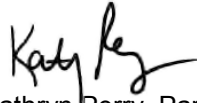
As part of obtaining reasonable assurance about whether the Board of Education of the Manalapan-Englishtown Regional School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements,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

Purpose of this Report

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

Respectfully submitted,

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



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

November 8, 2017

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Manalapan-Englishtown Regional School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey State OMB Circular 15-08 that could have a direct and material effect on each of the Manalapan-Englishtown Regional School District's major federal and state programs for the year ended June 30, 2017. The Board of Education of the Manalapan-Englishtown Regional School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Manalapan-Englishtown Regional School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

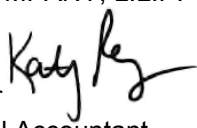
Management of Manalapan-Englishtown Regional School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education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

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

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

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

Respectfully submitted,

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

November 8, 2017

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2016</u>	<u>Carryover Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Adjustments</u>	<u>Repayment of Prior years' Balances</u>	<u>Deferred Revenue at June 30, 2017</u>	<u>(Accounts Receivable) at June 30, 2017</u>	<u>Due to Grantor at June 30, 2017</u>
U.S. Department of Education General Fund: Medical Assistance Program (SEMI)	93.778	7/1/16-6/30/17	\$ 36,231	\$ -	\$ -	\$ 25,481	\$ (25,481)	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund				<u>-</u>	<u>-</u>	<u>25,481</u>	<u>(25,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture Passed-through State Department of Education: Enterprise Fund: Food Distribution Program	10.550	7/1/16-6/30/17	102,167	-	-	102,167	(102,167)	-	-	-	-	-
National School Lunch Program	10.555	7/1/15-6/30/16	319,229	(30,548)	-	30,548	-	-	-	-	-	-
National School Lunch Program	10.555	7/1/16-6/30/17	304,652	-	-	284,331	(304,652)	-	-	-	(20,321)	-
Special Milk Program	10.556	7/1/15-6/30/16	252	(29)	-	29	-	-	-	-	-	-
Special Milk Program	10.556	7/1/16-6/30/17	144	-	-	136	(144)	-	-	-	(8)	-
Total Enterprise Fund				<u>(30,577)</u>	<u>-</u>	<u>417,211</u>	<u>(406,963)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,329)</u>	<u>-</u>
U.S. Department of Education Passed-through State Department of Education: Title I	84.010A	7/1/15-6/30/16	274,834	(100,906)	-	100,906	-	-	-	-	-	-
Title I	84.010A	7/1/16-6/30/17	278,776	-	-	198,827	(278,866)	-	-	-	(80,039)	-
Title II Part A	84.367A	7/1/15-6/30/16	78,780	(14,299)	-	14,299	-	-	-	-	-	-
Title II Part A	84.367A	7/1/16-6/30/17	73,025	-	-	56,037	(69,927)	-	-	-	(13,890)	-
Title III	84.365A	7/1/15-6/30/16	16,488	(8,168)	-	8,168	-	-	-	-	-	-
Title III	84.365A	7/1/16-6/30/17	16,434	-	-	9,072	(14,680)	-	-	-	(5,608)	-
Title III Immigrant	84.365A	7/1/15-6/30/16	841	-	(841)	-	-	-	-	-	-	-
Title III Immigrant	84.365A	7/1/16-6/30/17	1,895	-	841	104	(104)	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/15-6/30/16	1,210,384	(340,774)	-	340,774	-	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/16-6/30/17	1,149,067	-	-	1,143,568	(1,208,901)	-	-	-	(65,333)	-
I.D.E.A. Part B Preschool	84.173	7/1/15-6/30/16	53,677	(28,035)	-	28,035	-	-	-	-	-	-
I.D.E.A. Part B Preschool	84.173	7/1/16-6/30/17	53,905	-	-	33,848	(45,816)	-	-	-	(11,968)	-
Total Special Revenue Fund				<u>(492,182)</u>	<u>-</u>	<u>1,933,638</u>	<u>(1,618,294)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,838)</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ (522,759)</u>	<u>\$ -</u>	<u>\$ 2,376,330</u>	<u>\$ (2,050,738)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (197,167)</u>	<u>\$ -</u>

See accompanying notes to schedules of expenditures.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Awards
for the Fiscal Year Ended June 30, 2017

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Final Award Amount	Balance at June 30, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2017	(Accounts Receivable) at June 30, 2017	Due to Grantor at June 30, 2017	Budgetary Receivable	Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	2,122,959	-	-	1,910,663	(2,122,959)	-	-	-	-	212,296	2,122,959
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	3,077,364	-	-	2,769,628	(3,077,364)	-	-	-	-	307,736	3,077,364
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	12,610,419	-	-	11,380,115	(12,610,419)	-	-	-	-	1,230,304	12,610,419
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	403,710	-	-	363,339	(403,710)	-	-	-	-	40,371	403,710
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1,407,425	-	-	1,266,883	(1,407,425)	-	-	-	-	140,743	1,407,425
Adtl Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	69,343	-	-	62,409	(69,343)	-	-	-	-	6,934	69,343
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	48,185	-	-	43,367	(48,185)	-	-	-	-	4,819	48,185
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	48,185	-	-	43,367	(48,185)	-	-	-	-	4,819	48,185
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	49,510	-	-	44,559	(49,510)	-	-	-	-	4,951	49,510
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	588,733	(588,733)	-	588,733	-	-	-	-	-	-	-
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	494,246	-	-	-	(494,246)	-	(494,246)	-	-	-	494,246
Non-public transportation aid	16-495-034-5120-014	7/1/15-6/30/16	21,477	(21,477)	-	21,477	-	-	-	-	-	-	-
Non-public transportation aid	17-495-034-5120-014	7/1/16-6/30/17	21,054	-	-	-	(21,054)	-	-	(21,054)	-	-	21,054
Reimbursed TPAF Social													
Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	2,450,861	-	-	2,329,816	(2,450,861)	-	-	(121,045)	-	-	2,450,861
Reimbursed TPAF Social													
Security Contribution	16-495-034-5094-003	7/1/15-6/30/16	2,430,686	(119,181)	-	119,181	-	-	-	-	-	-	-
On-behalf TPAF Contribution	17-495-034-5094-002	7/1/16-6/30/17	3,618,885	-	-	3,618,885	(3,618,885)	-	-	-	-	-	3,618,885
On-behalf TPAF Post-Retirement Medical													
Contribution	17-495-034-5094-001	7/1/16-6/30/17	3,015,354	-	-	3,015,354	(3,015,354)	-	-	-	-	-	3,015,354
On-behalf TPAF LTDI	17-495-034-5094-004	7/1/16-6/30/17	7,099	-	-	7,099	(7,099)	-	-	-	-	-	7,099
Total General Fund			32,485,495	(729,391)	-	27,584,673	(29,444,599)	-	-	(636,345)	-	1,952,973	29,444,599
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Technology	17-100-034-5120-373	7/1/16-6/30/17	1,378	-	-	1,378	(837)	-	-	-	541	-	-
Technology	16-100-034-5120-373	7/1/15-6/30/16	2,210	1,542	-	-	-	(1,542)	-	-	-	-	-
Textbook	16-100-034-5120-064	7/1/15-6/30/16	4,854	4,511	-	-	-	(4,511)	-	-	-	-	-
Textbook	17-100-034-5120-064	7/1/16-6/30/17	3,055	-	-	3,055	(643)	-	-	-	2,412	-	-
Nursing	16-100-034-5120-070	7/1/15-6/30/16	6,390	1,158	-	-	-	(1,158)	-	-	-	-	-
Nursing	17-100-034-5120-070	7/1/16-6/30/17	5,490	-	-	5,490	(2,957)	-	-	-	2,533	-	-
Security	16-100-034-5120-509	7/1/15-6/30/16	2,125	2,018	-	-	-	(2,018)	-	-	-	-	-
Security	17-100-034-5120-509	7/1/16-6/30/17	3,050	-	-	3,050	(2,611)	-	-	-	439	-	-
Exam and Classification	17-100-034-5120-066	7/1/16-6/30/17	2,520	-	-	2,520	(2,520)	-	-	-	-	-	-
Exam and Classification	16-100-034-5120-066	7/1/15-6/30/16	4,769	1,192	-	-	-	(1,192)	-	-	-	-	-
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	392	-	-	392	(392)	-	-	-	-	-	-
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	743	743	-	-	-	(743)	-	-	-	-	-
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	3,092	-	-	3,092	(3,092)	-	-	-	-	-	-
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	5,016	3,344	-	-	-	(3,344)	-	-	-	-	-
Total Special Revenue Fund			45,084	14,508	-	18,977	(13,052)	(14,508)	-	-	5,925	-	-
Debt Service Fund:													
Debt service aid	17-495-034-5120-075	7/1/16-6/30/17	452,212	-	-	452,212	(452,212)	-	-	-	-	-	-
			452,212	-	-	452,212	(452,212)	-	-	-	-	-	-
Enterprise Fund:													
State School Lunch Program	16-100-010-3360-067	7/1/15-6/30/16	19,298	(1,868)	-	1,868	-	-	-	-	-	-	-
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	18,426	-	-	17,177	(18,426)	-	-	(1,249)	-	-	-
			37,724	(1,868)	-	19,045	(18,426)	-	-	(1,249)	-	-	-
Total Expenditures of State Awards			\$ 33,020,515	\$ (716,751)	\$ -	\$ 28,074,907	\$ (29,928,289)	\$ (14,508)	\$ -	\$ (637,594)	\$ 5,925	\$ 1,952,973	\$ 29,444,599
Less: On-Behalf TPAF Pension System Contributions							(6,641,338)						
Total for State Financial Assistance-Major Program Determination							\$ (23,286,951)						

See accompanying notes to schedules of expenditures.

(1) Not subject to Single Audit

Manalapan-Englishtown Regional School District

Notes to Schedules of Expenditures of Federal and State Awards

Year ended June 30, 2017

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

Manalapan-Englishtown Regional School District

Notes to Schedules of Expenditures of
Federal and State Awards

Year ended June 30, 2017

3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(3,623,651) for the General Fund and \$20,299 for the Special Revenue Fund. See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the General Fund and Special Revenue Fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

Special Revenue Fund	1,618,294	13,052	-	1,631,346
Debt Service Fund	-	452,212	-	452,212
Food Service Fund	406,963	18,426	-	425,389
Total awards and financial assistance	<u>\$ 2,050,738</u>	<u>\$ 26,304,638</u>	<u>\$ (6,641,338)</u>	<u>\$ 21,714,038</u>

4. Relationship to Federal and State Financial Reports

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

Manalapan-Englishtown Regional School District

Notes to Schedules of Expenditures of
Federal and State Awards

Year ended June 30, 2017

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2017.

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I --Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major programs:

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

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

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

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

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

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

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

Identification of major programs:

GMIS Number(s)

Name of State Program

State Aid-Public (Cluster)

495-034-5120-078
495-034-5120-089
495-034-5120-084
495-034-5120-085
495-034-5120-085
495-034-5120-097
495-034-5120-098
495-034-5120-101

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

495-034-5094-003

Reimbursed TPAF Social Security

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

No matters were reported for the period ended June 30, 2017.

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

No matters were reported for the period ended June 30, 2017.

MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

Summary Schedule of Prior-Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2017

STATUS OF PRIOR YEAR FINDINGS

No matters were reported.