

**SCHOOL DISTRICT
OF
MANNINGTON TOWNSHIP**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Mannington Township Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2017

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Prepared by

Mannington Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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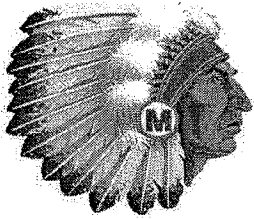
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INTRODUCTORY SECTION



Mannington Township School

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

Ms. Kristin Williams
Chief School Administrator

Mrs. Karen Mathews
Business Administrator

October 31, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Mannington Township School District for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

Mannington Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Mannington Township Board of Education and its one school constitute the District's reporting entity. Mannington Township School District provides a full range of educational services appropriate to grade levels Pre-K through Eighth grade. These include regular, as well as special education for handicapped students. Our students in grades 9-12 are sent to Salem High School in a sending/receiving relationship. Tuition and transportation are paid for by the Mannington Township Board of Education. The Mannington Township School District completed the 2016-2017 fiscal year with an enrollment of 157 students, which was 22 less students than in the prior year. The following changes in the student enrollment of the District over the last ten years show a leveling off for the later years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	157	-14.01%
2015-16	179	-1.01%
2014-15	181	1.68%
2013-14	178	-2.19%
2012-13	182	8.98%
2011-12	167	-1.76%
2010-11	170	-10.9%
2009-10	191	9.14%
2008-09	172	(1.14)%
2007-08	174	13.73%

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

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

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

The Mannington School continues to provide and ensure a safe and healthy learning environment for staff and students. The recent safety upgrades included the installation of additional video surveillance cameras and the replacement of non-locking cafeteria doors with security locking doors. A Safety Committee meets quarterly to review procedures and plans in order to optimize school safety.

During the 2016-2017 school year, the district continued to concentrate on early -identification of academic issues with students in our Pre-K through Third Grade classes. RTI (Response to Intervention) continued to be refined and utilized to help address academic issues that students were having. The district also invested through school wide initiatives in the areas of harassment, intimidation, and bullying. Students, staff, and administration were presented information and training through workshops, assemblies, and activities to help the school climate remain bully free. In the area of technology the Mannington School is utilizing online reports and assessments, Chromebook and iPad carts, and Smartboards. Curriculum is infused with technology and lessons can be enhanced through the use of the computers. Several technology based programs have been purchased, such as IXL, Storia, Sumdog (math programs), Accelerated Reader, Kodable (technology programs). The teachers also utilize several free online resources to enhance instruction. The needs of all students are considered in both regular and special education, including resource center programs and inclusion settings, with a full range of related services being offered.

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

4. INTERNAL ACCOUNTING CONTROLS:

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

4. INTERNAL ACCOUNTING CONTROLS (CONT'D):

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. DEBT ADMINISTRATION:

On March 1, 2006, the Mannington Township Board of Education issued \$2,218,000 in bonds for the renovation of the elementary school. On April 12, 2016 the Bonds Payable for the renovation of the elementary school were refunded and the balance as of June 30, 2017 was \$1,265,000. There was no other authorized or outstanding bonded debt as of June 30, 2017.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

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

10. OTHER INFORMATION:

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

11. ACKNOWLEDGMENTS:

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

Respectfully submitted,

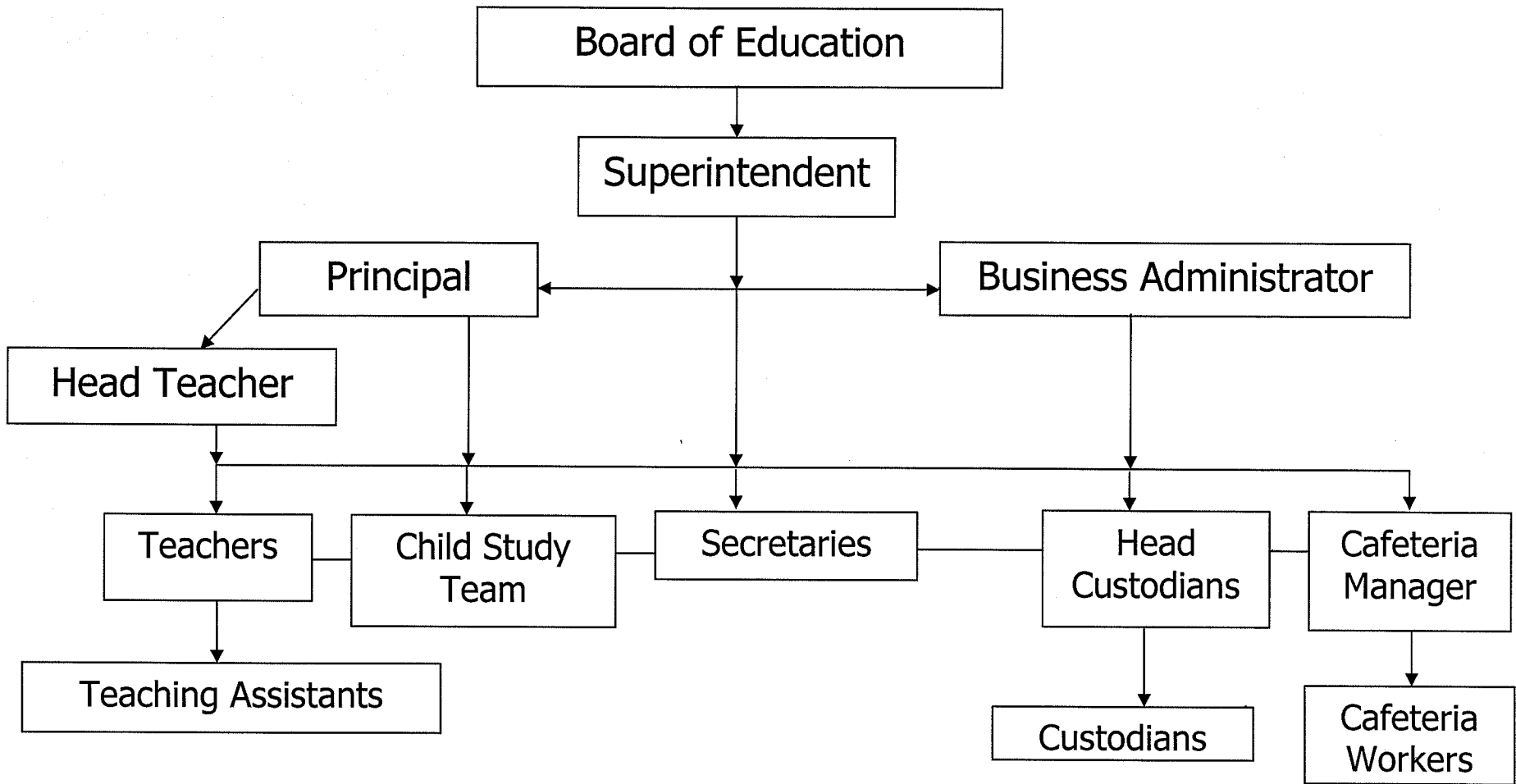


Kristin Williams, Chief School Administrator



Karen Mathews
Business Administrator/Board Secretary

Mannington Township School Organizational Chart



MANNINGTON TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Patricia Skwirut, President	2019
Carmen Porter, Vice President	2017
Eric Buzby	2017
Robert DiGregorio	2019
Melanie Richman	2018
Scott Robinson	2018
Michael Bower	2019
<u>OTHER OFFICIALS</u>	<u>SURETY BOND</u>
Ms. Kristin Williams, Chief School Administrator	
Mrs. Karen Mathews, Business Administrator	\$ 150,000
Mr. Mark Toscano, Esquire, Solicitor	

MANNINGTON TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

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Comegno Law Group, PC
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Moorestown, New Jersey 08057

OFFICIAL DEPOSITORY

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Salem, New Jersey 08079

INSURANCE AGENCY

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FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

October 31, 2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance 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 subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2017 on our consideration of the Mannington Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Mannington Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Mannington Township School District Management Discussion and Analysis

(Unaudited)

This section of the Mannington Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2017. Comparative information between the current year (2016-17) and the prior year (2015-16) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

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

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

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

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

Key financial highlights for 2017 are as follows:

- General revenues accounted for \$4,222,649 in revenue or 89.8% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$481,906 or 10.2% percent to total revenues of \$4,704,555.
- Total net position of governmental activities increased by \$504,211, comprised of changes in various assets and liabilities. The net position of the Business-type Activities decreased by \$940.

- The School District had \$4,201,284 in expenses, of which only \$481,906 of these expenses were offset by program specific charges for services, grants or contributions. Revenues (primarily federal awards, state aid and property taxes) of \$4,704,555 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities.
- The General Fund had \$3,684,379 in revenues, \$3,195,414 in expenditures and no other net financing uses during the year. The General Fund's balance increased \$478,965 over 2016, which included a transfer to the Food Service Fund of \$10,000. This increase was anticipated by the Board of Education as fund balance was used to balance the budget.

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

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

The District may implement four types of funds:

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

The School District as a Whole

Table 1 provides a comparative summary of the School District's net position for the years ended in 2016 and 2017.

Table 1
Net Position

	2017	2016
Assets		
Current and Other Assets	\$ 1,542,611	\$ 1,056,820
Capital Assets, Net	1,223,485	1,277,032
Total Assets	<u>2,766,096</u>	<u>2,333,852</u>
Deferred Outflows of Resources	<u>396,013</u>	<u>207,708</u>
Liabilities		
Current Liabilities	1,236,877	977,424
Long-term Liabilities	1,323,963	1,462,950
Total Liabilities	<u>2,560,840</u>	<u>2,440,374</u>
Deferred inflows of Resources	<u>74,194</u>	<u>77,382</u>
Net Position		
Invested in Capital Assets, Net of Debt	(7,353)	(75,968)
Restricted	1,297,747	772,771
Unrestricted	(763,319)	(672,999)
Total Net Position	<u>\$ 527,075</u>	<u>\$ 23,804</u>

Table 2 shows the changes in net position from fiscal years 2017 and 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues		
Charges for Services	\$ 40,983	\$ 30,441
Operating Grants	440,923	432,412
General Revenues		
Property Taxes	2,867,483	2,736,051
Grants and Entitlements	1,290,148	1,029,432
Other	65,018	64,540
Total Revenues	<u>4,704,555</u>	<u>4,292,876</u>
Program Expenses		
Instruction	1,288,376	1,124,846
Tuition	394,633	346,463
Pupil and Instructional Staff	286,975	298,124
General Administration, School		
Administration, Business	284,231	292,308
Operations and Maintenance of Facilities	238,401	213,598
Pupil Transportation	203,239	215,021
Employee Benefits	1,391,635	1,091,438
Interest on Debt	30,985	46,791
Food Service	82,809	95,039
Total Expenses	<u>4,201,284</u>	<u>3,723,628</u>
Increase in Net Position	<u>503,271</u>	<u>569,248</u>
Net Increase in Net Position	<u><u>\$ 503,271</u></u>	<u><u>\$ 569,248</u></u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the \$4,222,649 in Governmental revenue, District's Property taxes made up 67.9% of these revenues for governmental activities. Restricted and Unrestricted Federal, state and local grants accounted for another 30.6% and other revenues accounted for 1.5%. The total cost of services, as shown below, was \$4,118,475. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$3,708,438. Instruction comprises 30.8% of these District expenses.

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

Table 3

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction	\$ 1,288,376	\$ 1,145,366	\$ 1,124,846	\$ 1,016,340
Tuition	394,633	394,633	346,463	346,463
Pupil and Instructional Staff	286,975	227,175	298,124	217,086
General administration, school administration, business	284,231	284,231	292,308	292,308
Operation and maintenance of facilities	238,401	238,401	213,598	213,598
Pupil Transportation	203,239	203,239	215,021	215,021
Employee Benefits	1,391,635	1,184,408	1,091,438	893,805
Interest and fiscal charges	30,985	30,985	46,791	46,791
Total Expenses	<u>\$ 4,118,475</u>	<u>\$ 3,708,438</u>	<u>\$ 3,628,589</u>	<u>\$ 3,241,412</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. Curriculum and staff development expenses (included in support services) are related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

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

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

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

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

Business-Type Activities

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

- Expenses exceeded program revenues by \$940. This deficit was anticipated by the board, as surplus was available from the prior year.
- Charges for services represent \$40,983 of revenue, which was an increase of \$10,542 from the prior year. This represents amount paid by patrons for daily food services activities. There was no other non-operating revenue.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$30,886.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (general fund, special revenue fund, capital projects and debt service fund-based statements) had total revenues of \$4,090,365, expenditures of \$3,587,640 and another net financing use reporting \$10,000 transferred to the Food Service Fund during the year. The net positive change in fund balance for the year was \$492,725, which demonstrates that the District was fully able to meet current operating costs without the use of fund balance. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 2,932,501	71.70%	\$ 131,910	4.71%
State Sources	975,661	23.85%	35,583	3.79%
Federal Sources	182,203	4.45%	37,641	26.04%
	<u>\$ 4,090,365</u>	<u>100.00%</u>	<u>\$ 205,134</u>	<u>5.41%</u>

The increase in Local sources is attributed to increases in the general fund local tax levy of \$131,041, other miscellaneous revenues of \$10,661 and debt service tax levy of \$391, offset by a decrease in tuition revenue of \$10,183.

The increase in State sources of \$35,583 is attributed to increases in general fund aid of \$41,483 and \$204 in debt service aid, offset by an decrease in restricted state grants of \$6,104.

The above schedule includes the last state aid payments for 2015-2016 of \$56,249 received in July 2016 and does not include the last state aid payments for 2016-2017 received in July 2017 in the amount of \$56,095.

The decrease in Federal sources is due to changes in various grants. In addition, the 2016 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2017 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 1,205,860	33.60%	\$ 120,634	11.12%
Undistributed expenditures	2,146,459	59.83%	69,980	3.37%
Capital Outlay	76,378	2.13%	69,103	949.87%
Debt Service:				
Principal	135,000	3.77%	25,000	22.73%
Interest	23,943	0.67%	(37,446)	-61.00%
Total	<u>\$ 3,587,640</u>	<u>100.00%</u>	<u>\$ 247,271</u>	<u>6.95%</u>

The decrease in instructional expenditures is attributed to a decrease in other instruction of \$444, offset by an increase in expenses for regular instruction of \$65,523 and special education instruction of \$55,555.

The decrease in undistributed expenditures was due to decreases in student instruction related services of \$13,592, in administration/central services costs of \$10,210 and pupil transportation expenses of \$11,782, offset by increases in tuition costs of \$48,170, maintenance cost of \$23,165 and employee benefit costs of \$34,229.

The increase in capital outlay of \$69,103 is attributed to increased capital expenditures for equipment.

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

General Fund Budgeting Highlights

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

During the course of the fiscal year 2017, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

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

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase of \$478,811 as shown on Exhibit C-1.

- Actual revenues were \$11,279 more than expected, excluding on-behalf pension and social security reimbursements of \$305,811, due to various state aid allotments and miscellaneous revenues.
- Actual expenditures were \$688,755 lower than expected, offset by the state on-behalf pension and social security reimbursements of \$305,811 resulting in the reportable favorable variance of \$383,115 as shown on Exhibit C-1.

Capital Assets

At the end of the fiscal year 2017, the School District had \$1,213,630 (net of accumulated depreciation) invested in Governmental land, buildings, furniture and equipment, and vehicles and \$9,855 in Business Activity equipment. Table 4 shows fiscal 2017 balances compared to 2016.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 6,207	\$ 6,207
Land Improvements	608	12,101
Building and Improvements	1,091,449	1,170,760
Machinery and Equipment	125,221	87,964
	<u> </u>	<u> </u>
Totals	<u>\$ 1,223,485</u>	<u>\$ 1,277,032</u>

Overall capital assets decreased by \$53,547 from fiscal year 2016 to fiscal year 2017. The decrease consisted of \$139,952 in depreciation expense, offset by additions of \$86,405. The General fund portion was \$1,213,630 and the Food Service Enterprise Fund portion was \$9,855.

Long-Term Debt:

At year-end, the District had no outstanding capital lease principal, school bonds in the amount of \$1,265,000 and compensated absences of \$58,963. There was no other outstanding authorized debt (Note 6). The remaining available amount of debt permitted to be authorized is \$4,879,504 as shown on Exhibit J-13.

Factors Bearing on the District's Future

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

- Collective Bargaining unit is in effect until June 30, 2020
- State Formula Aid for fiscal year 2016-2017 remained stable.
- Special revenues have increased in the overall funds year to year.
- Every possible grant prospect is availed to increase and supply the best educational opportunities for students.
- Together in Education at Mannington "TEAM" (parent group) has assisted the district by providing funds for field trips and student achievement awards.
- Bonds issued in 2006 were refunded in 2016 to take advantage of a lower interest rate. This refunding will provide a savings to the taxpayers in the way of a lower yearly debt service payment.
- Ratables have decreased significantly due to the revaluation of the Memorial Hospital of Salem County and may continue to decrease if the status of the hospital changes to non-profit.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Karen Mathews, Business Administrator, Mannington Township School District, 495 Route 45, Salem, NJ 08079.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Cash Equivalents	\$ 789,256	\$ -	\$ 789,256
Receivables, Net	84,332	1,276	85,608
Inventory		148	148
Restricted Assets:			
Capital Reserve Account - Cash	567,599		567,599
Maintenance Reserve Account - Cash	100,000		100,000
Capital Assets, Net (Note 6):	1,213,630	9,855	1,223,485
Total Assets	<u>2,754,817</u>	<u>11,279</u>	<u>2,766,096</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Other Deferred Outflows	42,300		42,300
Deferred Pension Outflows	353,713		353,713
Total Deferred Outflows	<u>396,013</u>		<u>396,013</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	22,931		22,931
Accrued Interest Payable	8,138		8,138
Unearned Revenue		787	787
Net Pension Liability	1,203,274		1,203,274
Cash Overdraft		1,747	1,747
Noncurrent Liabilities:			
Due Within One Year	143,413		143,413
Due Beyond One Year	1,180,550		1,180,550
Total Liabilities	<u>2,558,306</u>	<u>2,534</u>	<u>2,560,840</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	74,194		74,194
Total Deferred Inflows	<u>74,194</u>		<u>74,194</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt (Deficit)	(17,208)	9,855	(7,353)
Restricted for:			
Capital Reserve	567,600		567,600
Maintenance Reserve	100,000		100,000
Excess Surplus	621,634		621,634
Special Revenue (Deficit)	(4,881)		(4,881)
Other Purposes	13,394		13,394
Unrestricted (Deficit)	(762,209)	(1,110)	(763,319)
Total Net Position	<u>\$ 518,330</u>	<u>\$ 8,745</u>	<u>\$ 527,075</u>

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities						
Instruction:						
Regular	\$ 1,176,301	\$	\$ 143,010	\$ (1,033,291)	\$	\$ (1,033,291)
Special Education	111,607			(111,607)		(111,607)
Other instruction	468			(468)		(468)
Support Services:						
Tuition	394,633			(394,633)		(394,633)
Student & Instruction Related Services	286,975		59,800	(227,175)		(227,175)
General and Business Administrative Services	87,965			(87,965)		(87,965)
School Administrative Services	97,340			(97,340)		(97,340)
Central Services	98,926			(98,926)		(98,926)
Plant Operations and Maintenance	238,401			(238,401)		(238,401)
Pupil Transportation	203,239			(203,239)		(203,239)
Employee Benefits	1,391,635		207,227	(1,184,408)		(1,184,408)
Interest on Long-term Debt	30,985			(30,985)		(30,985)
Total Governmental Activities	<u>4,118,475</u>		<u>410,037</u>	<u>(3,708,438)</u>		<u>(3,708,438)</u>
Business-type Activities:						
Food Service	82,809	40,983	30,886		(10,940)	(10,940)
Total Business-type Activities	<u>82,809</u>	<u>40,983</u>	<u>30,886</u>		<u>(10,940)</u>	<u>(10,940)</u>
Total Primary Government	<u>\$ 4,201,284</u>	<u>\$ 40,983</u>	<u>\$ 440,923</u>	<u>(3,708,438)</u>	<u>(10,940)</u>	<u>(3,719,378)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				2,753,976		2,753,976
Taxes Levied for Debt Service				113,507		113,507
Federal and State Aid not Restricted				1,290,148		1,290,148
Tuition Received				46,817		46,817
Investment Earnings				2,486		2,486
Miscellaneous Income				15,715		15,715
Transfer				(10,000)	10,000	
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>4,212,649</u>	<u>10,000</u>	<u>4,222,649</u>
Change in Net Position				504,211	(940)	503,271
Net Position—Beginning (Deficit)				14,119	9,685	23,804
Net Position—Ending				<u>\$ 518,330</u>	<u>\$ 8,745</u>	<u>\$ 527,075</u>

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

MANNINGTON TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 770,340	\$	\$ 13,046	\$ 783,386
Cash - Capital Reserve	567,599			567,599
Cash - Maintenance Reserve	100,000			100,000
State Aid Receivable	4,669			4,669
Federal Aid Receivable		79,063		79,063
Receivables from Other Governments	600			600
Interfunds Receivables	67,703			67,703
Total Assets	\$ 1,510,911	\$ 79,063	\$ 13,046	\$ 1,603,020
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 820	\$ 22,111	\$	\$ 22,931
Interfund Payable		61,833		61,833
Total Liabilities	820	83,944		84,764
Fund Balances:				
Restricted For:				
Capital Reserve	567,600			567,600
Maintenance Reserve	100,000			100,000
Excess Surplus	323,029			323,029
Excess Surplus - Designated for Subsequent Year's Expenditures	298,605			298,605
Assigned to Year-End Encumbrance	26,082			26,082
Assigned to Subsequent Year's Expenditures	348			348
Unassigned, Reported In:				
General Fund	194,427			194,427
Special Revenue Fund (Deficit)		(4,881)		(4,881)
Debt Service Fund			13,046	13,046
Total Fund Balances (Deficit)	1,510,091	(4,881)	13,046	1,518,256
Total Liabilities and Fund Balances	\$ 1,510,911	\$ 79,063	\$ 13,046	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,880,998 and the accumulated depreciation is \$1,667,368 (Note 6).	1,213,630
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 7).	(1,323,963)
Deferred Outflow of Resources - Deferred Pension Contribution	353,713
Deferred Outflow of Resources - Debt Refinancing	42,300
Deferred Inflows of Resources - Pension Actuarial Gains	(74,194)
Long Term Net Pension Liability	(1,203,274)
Accrued Interest on Bonds not payable until the next year	(8,138)
Net position of governmental activities	\$ 518,330

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 2,753,976	\$	\$ 113,507	\$ 2,867,483
Tuition from Other LEAs	46,817			46,817
Interest Earned	2,486			2,486
Miscellaneous	13,454	2,261		15,715
Total Local Sources	2,816,733	2,261	113,507	2,932,501
State Sources	867,646	49,538	58,477	975,661
Federal Sources		182,203		182,203
Total Revenues	3,684,379	234,002	171,984	4,090,365
EXPENDITURES				
Current:				
Regular Instruction	954,532	143,010		1,097,542
Special Education Instruction	108,318			108,318
Support Services:				
Tuition	394,633			394,633
Student & Instruction Related Services	205,488	59,800		265,288
General Administration	79,212			79,212
School Administrative Services	92,922			92,922
Central Services	93,201			93,201
Plant Operations and Maintenance	223,882			223,882
Pupil Transportation	203,239			203,239
Employee Benefits	771,971	22,111		794,082
Capital Outlay	68,016	8,362		76,378
Debt Service:				
Principal			135,000	135,000
Interest and Other Charges			23,943	23,943
Total Expenditures	3,195,414	233,283	158,943	3,587,640
Excess (Deficiency) of Revenues Over Expenditures	488,965	719	13,041	502,725
OTHER FINANCING SOURCES (USES)				
Transfers Out - Food Service Fund	(10,000)			(10,000)
Total Other Financing Sources and Uses	(10,000)			(10,000)
Net Change in Fund Balances	478,965	719	13,041	492,725
Fund Balance—July 1 (Deficit)	1,031,126	(5,600)	5	1,025,531
Fund Balance—June 30 (Deficit)	\$ 1,510,091	\$ (4,881)	\$ 13,046	\$ 1,518,256

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

MANNINGTON TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total net change in fund balances - governmental funds (from B-2) \$ 492,725

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	\$	(137,618)	
Capital Outlays		76,378	
		(61,240)	

Pension Expense recognized for GAAP but not for Budgetary purposes.

In the statement of activities, certain operating expenses are measured by the amounts earned during the year, such as compensated absences. In the governmental funds, however, expenditures are reported when the corresponding financial resources are used or paid. 3,987

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

Repayment of Serial Bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of net assists. 135,000

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (59,219)

In the statement of activities, interest on long term debt is accrued, regardless of when due, In the Governmental funds, interest is reported when due for payment. (2,342)

Premium on Bond Refunding is reported in governmental funds as another financing source. However, in the statement of activities, the premium is reflected as a deferred outflow. (4,700)

Change in net position of governmental activities (A-2) **\$ 504,211**

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

PROPRIETARY FUNDS

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities Enterprise Fund		Governmental Activities Internal Service Fund
	Food Service	Total Enterprise	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 4,123	\$ 4,123	\$
Accounts Receivable	1,276	1,276	
Inventory	148	148	
Total Current Assets	5,547	5,547	
Noncurrent Assets:			
Furniture, Machinery & Equipment	13,345	13,345	
Less Accumulated Depreciation	(3,490)	(3,490)	
Total Noncurrent Assets	9,855	9,855	
Total Assets	\$ 15,402	\$ 15,402	\$
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Unearned Revenue	\$ 787	\$ 787	\$
Due to General Fund	5,870	5,870	
Total Current Liabilities	6,657	6,657	
Net Position			
Invested in Capital Assets, Net of Related Debt	9,855	9,855	
Unrestricted	(1,110)	(1,110)	
Total Net Position	8,745	8,745	
Total Liabilities & Net Position	\$ 15,402	\$ 15,402	\$

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

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities		Governmental Activities Internal Service Fund
	Enterprise Fund		
	Food Service	Totals	
Operating Revenues:			
Charges for Services:			
Daily Sales Reimbursable Programs	\$ 22,839	\$ 22,839	
Daily Sales Non-Reimbursable Programs	18,144	18,144	
Total Operating Revenue:	40,983	40,983	
Operating Expenses:			
Cost of Sales - Reimbursable Programs	48,600	48,600	
Cost of Sales - Non-Reimbursable Programs	9,724	9,724	
Salaries	15,929	15,929	
Employee Benefits	3,319	3,319	
General Supplies	2,827	2,827	
Other Purchased Services	76	76	
Depreciation	2,334	2,334	
Total Operating Expenses	82,809	82,809	
Operating Income (Loss)	(41,826)	(41,826)	
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	556	556	
Federal Sources:			
National School Lunch Program	20,056	20,056	
School Breakfast Program	5,761	5,761	
Food Distribution Program	4,513	4,513	
Total Non-operating Revenues (Expenses)	30,886	30,886	
Income (Loss) Before Contributions & Transfers	(10,940)	(10,940)	
Transfers In (Out)	10,000	10,000	
Change in Net Position	(940)	(940)	
Total Net Position - Beginning	9,685	9,685	
Total Net Position - Ending	\$ 8,745	\$ 8,745	

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

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities		Governmental Activities Internal Service Fund
	Enterprise Funds		
	Food Service	Total Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 40,983	\$ 40,983	\$
Payments to Employees	(15,929)	(15,929)	
Payments for Employee Benefits	(3,319)	(3,319)	
Payments to Suppliers	(54,205)	(54,205)	
Net Cash Provided by (Used for) Operating Activities	(32,470)	(32,470)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	556	556	
Federal Sources	30,330	30,330	
Operating Transfer In-General Fund	10,000	10,000	
Net Cash Provided by (Used for) Non-capital Financing Activities	40,886	40,886	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Purchase of Fixed Assets	(10,027)	(10,027)	
Net Cash Provided by (Used for) Capital Financing Activities	(10,027)	(10,027)	
Net Increase (Decrease) in Cash and Cash Equivalents	(1,611)	(1,611)	
Balances—Beginning of Year	5,734	5,734	
Balances—End of Year (Cash Overdraft)	\$ 4,123	\$ 4,123	\$
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (41,826)	\$ (41,826)	\$
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	2,334	2,334	
(Increase) Decrease in Accounts Receivable, Net	898	898	
(Increase) Decrease in Inventory	(4)	(4)	
Increase (Decrease) in Unearned Revenue	5,870	5,870	
Increase (Decrease) in Due to General	258	258	
Total Adjustments	9,356	9,356	
Net Cash Provided by (Used for) Operating Activities	\$ (32,470)	\$ (32,470)	\$

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

FIDUCIARY FUNDS

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency Fund</u>	<u>Student Activity</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,000	\$ 12,954
Total Assets	<u>\$ 1,000</u>	<u>\$ 12,954</u>
LIABILITIES		
Payable to Student Groups	\$	\$ 12,954
Medical Reimbursement Plan	1,000	
Total Liabilities	<u>\$ 1,000</u>	<u>\$ 12,954</u>

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Mannington Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the District is to educate students in grades Pre K-8. The Mannington Township School District had an approximate enrollment at June 30, 2017 of 157.

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

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

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

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

A. Basis of Presentation: (continued)

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

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

GOVERNMENTAL FUNDS

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

B. Fund Accounting: (continued)

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The district currently has no capital projects and, therefore, has not included a capital projects fund.

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

PROPRIETARY FUNDS

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

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

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

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

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

Food Service Fund - Equipment

12 Years

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

FIDUCIARY FUNDS

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

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

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

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

C. Basis of Accounting and Measurement Focus:

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

D. Budgets/Budgetary Control:

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

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

E. Encumbrance Accounting:

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 2014-15, 2015-16, and 2016-17 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses:

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

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

J. Assets, Liabilities and Equity:

Transactions

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

J. Assets, Liabilities and Equity: (continued)

Inventories

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017. At June 30, 2017, there was \$124 of supplies and \$24 of food in ending inventory in the Food Service Fund.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The District receives federal commodity food for meal service provided through a vended meal contract.

Capital Assets

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2017 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

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

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

K. Compensated Absences:

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

K. Compensated Absences: (continued)

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Statement of Net Position. In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Unearned Revenue:

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

M. Operating Revenues and Expenses:

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

N. Allocation of Indirect Expenses:

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

O. Extraordinary and Special Items:

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

P. Lease Acquisition Costs:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2017.

Q. Fund Equity:

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

R. Comparative Data/Reclassifications:

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

S. Management Estimates:

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

T. Accrued Liabilities and Long-term Obligations:

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

U. Net Position:

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

V. Fund Balance Reserves:

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

W. Revenues – Exchange and Non-exchange Transactions:

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

X. New Accounting Standards:

The School District has adopted the following GASB statements:

- **GASB No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans:*** The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. The adoption of GASB 74, did not impact the financial statements of the School District.
- **GASB No. 81 - *Irrevocable Split-Interest Agreements:*** The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements. The adoption of GASB 81, did not impact the financial statements of the School District.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

X. New Accounting Standards (continued):

- *GASB No. 82 - Pensions - an Amendment of GASB No. 67, No. 68 and No. 73:* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The adoption of GASB 82, will impact the financial statements of the School District.

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

- *GASB No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions:* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.
- *GASB No. 83 - Certain Asset Retirement Obligations:* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.
- *GASB No. 84 - Fiduciary Activities:* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

X. New Accounting Standards (continued):

- GASB No. 85 - *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 85 on the School District's financial statements.
- GASB No. 86 - *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 86 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2017, the District had no funds on deposit with the New Jersey Cash Management.

Deposits: N.J.S.A. 17:9-41, et seq. establish requirements for the security of deposits of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office on the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to Governmental Units.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2017, the School District's bank balance of \$1,562,608 was subject to custodial credit risk as follows:

Insured by Depository Insurance	\$ 250,000
Collateralized under GUDPA	<u>1,312,608</u>
Total	\$ <u>1,562,608</u>

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

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

As of June 30, 2017, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash</u> <u>Equivalents</u>
Checking Accounts	\$ <u>1,469,062</u>

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)

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	\$ 267,199
Interest Earnings	401
Deposits - Approved by Resolution	300,000
	<hr/>
Ending Balance, June 30, 2017	\$ 567,600

The balance in Capital Reserve at June 30, 2017 is to be within the LRFP maximum balance of local support costs of uncompleted capital projects.

NOTE 5. OPERATING LEASES

The District leases copiers and a mailing system under operating leases. The terms of the contracts call for monthly or quarterly payments. The District has the following lease payments for their copies:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 5,856
2019	5,856
2020	5,856
2021	5,856
	<hr/>
Total	\$ 23,424

The last payment for the mailing system was made in the 2016-17 year. The District renewed the mailing system lease for another five years. The District has the following lease payments remaining for their mailing system:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 830
2019	830
2020	830
2021	830
2022	830
	<hr/>
Total	\$ 4,150

The total operating lease payments made during the year ended June 30, 2017 were \$6,588.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 6,207	\$ -	\$ -	\$ 6,207
Total Capital Assets not being Depreciated	6,207			6,207
Land Improvements	45,465		(12,500)	32,965
Building and Building Improvements	2,589,444	18,852	12,235	2,620,531
Machinery and Equipment	177,680	57,526	(13,911)	221,295
Totals at Historical Cost	2,812,589	76,378	(14,176)	2,874,791
Less Accumulated Depreciation for:				
Land Improvements	(33,364)	(244)	1,251	(32,357)
Building and Improvements	(1,418,684)	(122,122)	11,724	(1,529,082)
Equipment	(91,878)	(15,252)	1,201	(105,929)
Total Accumulated Depreciation	(1,543,926)	(137,618)	14,176	(1,667,368)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	1,268,663			1,207,423
Government Activities Capital Assets, Net	\$ 1,274,870	\$ (61,240)	\$ -	\$ 1,213,630
	To A-1			To A-1
Business-type Activities - Equipment	\$ 3,318	\$ 10,027		\$ 13,345
Less Accumulated Depreciation	(1,156)	(2,334)		(3,490)
Business-type Activities Capital Assets, Net	\$ 2,162	\$ 7,693	\$ -	\$ 9,855
Depreciation expense was charged to governmental functions as follows:				
Instruction:				
Regular		\$ 78,759		
Special Education		3,289		
Other Instruction		468		
Support Services:				
Student & Instruction Related Services		21,689		
School Administration		8,753		
General & Business Administrative Services		4,418		
Central Services		5,725		
Plant Operations and Maintenance		14,519		
Total Depreciation Expense			\$ 137,618	

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectable in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

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

	General Fund	Enterprise Fund	Special Revenue Fund
Receivables:			
Intergovernmental	\$ 5,269	\$ 1,276	\$ 79,063
	\$ 5,269	\$ 1,276	\$ 79,063

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Serial Bonds	\$ 1,400,000	\$	\$ 135,000	\$ 1,265,000	\$ 135,000	\$ 1,130,000
Obligations under capital lease						
Compensated absences payable	62,950		3,987	58,963	8,413	50,550
Total other liabilities	\$ 1,462,950	\$	\$ 138,987	\$ 1,323,963	\$ 143,413	\$ 1,180,550
					To A-1	

A. Bonds Payable - On April 12, 2017 the Bonds Payable issued on March 1, 2006 in the amount of \$1,400,000 were refunded.

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 135,000	\$ 24,414	\$ 159,414
2019	135,000	21,809	156,809
2020	140,000	19,204	159,204
2021	140,000	16,502	156,502
2022	145,000	13,799	158,799
2023	145,000	11,001	156,001
2024	140,000	8,203	148,203
2025	145,000	5,501	150,501
2026	140,000	2,702	142,702
	\$ 1,265,000	\$ 123,134	\$ 1,388,134

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

B. Bonds Authorized But Not Issued - As of June 30, 2017, the District had no bonds authorized but not issued.

C. Capital Leases - As of June 30, 2017, the District had no Capital Leases.

NOTE 9. MAINTENANCE RESERVE

As of June of 2017, the balance in the maintenance reserve is \$100,000.

NOTE 10. PENSION PLANS

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

The following represents the membership tiers for PERS and TPAF:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the 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. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post retirement medical premiums 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, which provides free health benefits to members of PERS who retired from a municipality with 25 years of service.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Contributions - 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. PERS provides for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The District's contributions to PERS for the years ended June 30, 2017, and 2016, were \$36,200 and \$36,302 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2017 was \$1,626,999. Payroll covered by PERS was \$253,825 for fiscal year 2017.

Information regarding contributions made by the State of New Jersey on behalf of the District is not available. Contributions to the system for the year ended June 30, 2017 is as follows:

	<u>PERS</u>
Employees	\$ 18,275
District	<u>36,200</u>
Total	<u>\$ 54,475</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2017, as follows:

Public Employees Retirement System					
<u>Fiscal</u>					
<u>Year</u>	<u>Normal</u>	<u>Accrued</u>	<u>Total</u>	<u>Funded by</u>	<u>Paid by</u>
	<u>Contribution</u>	<u>Liability</u>	<u>Liability</u>	<u>State</u>	<u>District</u>
2017	\$ 5,646	\$ 28,731	\$ 36,200	\$ N/A	\$ 36,200

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2017, the District's proportionate share of the PERS net pension liability was \$1,203,274. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2016. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The District's proportion measured as of June 30, 2016 was 0.00406% which was a decrease of 0.00016% from its proportion measured as of June 30, 2015.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2017 PERS pension expense, with respect to GASB 68, was \$95,207. The District's 2017 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,377	\$
Changes of assumptions	249,254	
Net difference between projected and actual earnings on pension plan investments	45,882	
Changes in proportion		74,194
Contributions subsequent to the measurement date	<u>36,200</u>	
Total	<u>\$ 353,713</u>	<u>\$ 74,194</u>

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

<u>Year</u>		<u>PERS</u>
2018	\$	41,836
2019		41,836
2020		72,206
2021		60,035
2022		<u>27,407</u>
Thereafter		
Total	\$	<u>243,320</u>

Additional Information - Collective Balances at June 30, 2017 and 2016 are as follows:

<u>Year</u>		<u>6/30/2017</u>		<u>6/30/2016</u>
Collective deferred outflows of resources	\$	353,713	\$	160,708
Collective deferred inflows of resources	\$	74,194	\$	77,382
Collective Net Pension Liability	\$	1,203,274	\$	947,862
District's Proportion		0.00406%		0.00422%

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Actuarial Assumptions - The 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:

	<u>PERS</u>
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Investment Rate of Return	7.65%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	3.08%

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 Male 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.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

Asset Class	PERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
US 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%
Total	100.00%	

Discount Rate - The discount rate as of June 30, 2016 used to measure the total pension liability was 3.98% for PERS. 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 the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 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 for PERS. 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.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(2.98%)</u>	<u>Current</u> <u>Discount</u> <u>(3.98%)</u>	<u>1%</u> <u>Increase</u> <u>(4.98%)</u>
District's proportionate share of the net pension liability	\$ <u>1,474,471</u>	\$ <u>1,203,274</u>	\$ <u>979,376</u>

Teachers' Pension and Annuity Fund

The TPAF 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 defined benefit pension 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.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contributions - The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 6.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Contributions (Continued) - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100% special funding situation with the State of New Jersey.

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

<u>Year</u> <u>Funding</u>		<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>			<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/17	\$	120,524	100	%	\$	N/A
6/30/16		196,667	100			N/A
6/30/15		152,879	100			N/A

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$120,524 to the TPAF for pension contributions and \$100,423 for post-retirement benefits on behalf of the School, and \$171 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$84,693 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2017, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at a fair value.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Pension Expense - For the year ended June 30, 2017, the District recognized pension expense of \$662,845 and revenue of \$662,845 for support provided by the State.

Actuarial Assumptions - The 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:

	TPAF
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Investment Rate of Return	7.65%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.50%

Long-Term Expected Rate of Return - 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:

	TPAF	Long-Term
Asset Class	Target	Expected Real
	Allocation	Rate of Return
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	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 Bonds	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	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	3.75%	4.72%
Hedge	3.75%	4.72%
Hedge Funds – Distressed	3.75%	3.49%
Total	100.00%	

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

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 the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 contribution rate in the most recent fiscal year. The State contributed 30% of the 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 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 – As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

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

NOTE 11. POST-RETIREMENT BENEFITS

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

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

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

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12. COMPENSATED ABSENCES

The School District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the school district and its employees, is accrued as employees earn the rights to the benefits.

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, there was no liability for compensated absences in the Food Service Fund.

NOTE 13. DEFERRED COMPENSATION

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

Lincoln Investments
Voya

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 67,703	\$
Special Revenue Fund		61,833
Food Service Fund		5,870
Total	<u>\$ 67,703</u>	<u>\$ 67,703</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

NOTE 16. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,510,091 General Fund balance at June 30, 2017, \$567,600 is restricted for Capital Reserve; \$26,082 is assigned for Encumbrances; \$100,000 was restricted as Maintenance Reserve; \$621,634 was restricted as excess surplus at June 30, 2017 in accordance with N.J.S.A. 18A:7F-7; of which \$298,605 has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$348 has been appropriated and included as anticipated revenue for the year ending June 30, 2018; and \$194,427 is unreserved and undesignated.

Debt Service Fund - The unrestricted and undesignated Debt Service fund balance at June 30, 2017 is \$13,046.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus fund balance of \$323,029 at June 30, 2017, must be budgeted in the 2017-18 budget.

NOTE 18. LITIGATION

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

NOTE 19. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 19. TAX ABATEMENT (CONTINUED)

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit fund balance in the Special Revenue Fund of \$4,881 as of June 30, 2017 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties. The deficit of \$4,881 is equal to the 19th and 20th payments received in July 2017.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

MANNINGTON TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,753,976	\$	\$ 2,753,976	\$ 2,753,976	\$
Tuition from Individuals	51,000		51,000	46,817	(4,183)
Interest on Capital Reserve	25		25	401	376
Interest on Investments				2,085	2,085
Miscellaneous	975		975	13,454	12,479
Total - Local Sources	2,805,976		2,805,976	2,816,733	10,757
State Sources:					
Equalization Aid	33,846		33,846	33,846	
Categorical Transportation Aid	117,432		117,432	117,432	
Categorical Special Education Aid	101,080		101,080	101,080	
Categorical Security Aid	29,905		29,905	29,905	
Adjustment Aid	274,086		274,086	274,086	
Professional Learning Community Aid	1,670		1,670	1,670	
PARCC Readiness Aid	1,570		1,570	1,570	
Per Pupil Growth Aid	1,570		1,570	1,570	
Non-public Transportation Aid				522	522
On-Behalf TPAF Post Retirement Medical Contrib (non-budgeted)				100,423	100,423
On-Behalf TPAF Long-Term Disability Contrib (non-budgeted)				171	171
On-Behalf TPAF Pension Contribution (non-budgeted)				120,524	120,524
Reimbursement TPAF Social Security (non-budgeted)				84,693	84,693
Total - State Sources	561,159		561,159	867,492	306,333
Federal Sources:					
Total - Federal Sources					
TOTAL REVENUES	3,367,135		3,367,135	3,684,225	317,090
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	39,681		39,681	30,039	9,642
Kindergarten	113,500		113,500	103,854	9,646
Grades 1-5	469,333		469,333	433,258	36,075
Grades 6-8	284,334		284,334	272,454	11,880
Regular Programs - Home Instruction:					
Salaries of Teachers	4,500	(3,000)	1,500		1,500
Purchased Professional-Educational Services		3,000	3,000		3,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	28,500		28,500	27,024	1,476
Purchased Professional-Educational Services	26,500	(7,509)	18,991	1,245	17,746
Purchased Technical Services	44,000	(9,000)	35,000	17,157	17,843
Other Purchased Services	35,000	8,850	43,850	38,093	5,757
General Supplies	67,355	(7,794)	59,561	30,793	28,768
Textbooks	50,000		50,000		50,000
Other Objects	500	150	650	615	35
Total Regular Programs - Instruction	\$ 1,163,203	\$ (15,303)	\$ 1,147,900	\$ 954,532	\$ 193,368

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES:					
Special Education - Instruction:					
Resource Room/Resource Center					
Salaries of Teachers	\$ 109,500	\$	\$ 109,500	\$ 107,535	\$ 1,965
General Supplies	3,000		3,000	783	2,217
Total Resource Room/Resource Center	112,500		112,500	108,318	4,182
Total Special Education - Instruction	112,500		112,500	108,318	4,182
Basic Skills/Remedial - Instruction					
Salaries of Teachers					
Total Basic Skills/Remedial - Instruction					
School Sponsored Co-curricular Activities					
Purchased Services	500		500		500
Other Objects	5,000		5,000		5,000
Total School Sponsored Co-curricular Activities	5,500		5,500		5,500
Total Instruction	1,281,203	(15,303)	1,265,900	1,062,850	203,050
Undistributed Expenditures:					
Instruction					
Tuition - Other LEAs Within the State - Regular	169,990		169,990	169,990	
Tuition - Other LEAs Within the State - Special	12,700		12,700	12,700	
Tuition - County Voc. School Dist. - Regular	153,121		153,121	106,011	47,110
Co.Spec.Services and Regional Day Schools	131,600		131,600	22,828	108,772
Tuition - Private Schools/Disabled Within State	163,315		163,315	83,104	80,211
Total Instruction	630,726		630,726	394,633	236,093
Attendance and Social Work Services:					
Salaries	2,500	7,000	9,500	9,490	10
Total Attendance and Social Work Services	\$ 2,500	\$ 7,000	\$ 9,500	\$ 9,490	\$ 10

**MANNINGTON TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Undistributed Expenditures: (Continued)					
Health Services:					
Salaries	\$ 56,500	\$	\$ 56,500	\$ 53,691	\$ 2,809
Purchased Professional/Technical Services	3,550		3,550	2,629	921
Supplies and Materials	2,000		2,000	1,279	721
Total Health Services	62,050		62,050	57,599	4,451
Speech, OT, PT and Related Services:					
Purchased Professional/Educational Services	53,611		53,611	32,883	20,728
Total Speech, OT, PT and Related Services:	53,611		53,611	32,883	20,728
Special Education - Extraordinary Services					
Salaries	88,000		88,000	77,004	10,996
Purchased Professional/Educational Services	1,000		1,000		1,000
Total Special Education - Extraordinary Services	89,000		89,000	77,004	11,996
Other Support Services-Students-Special Services:					
Salaries of Secretarial and Clerical Assistants	3,000	2,000	5,000	4,745	255
Purchased Professional/Educational Services	24,913	(3,500)	21,413	16,278	5,135
Miscellaneous Purchased Services	200		200		200
Supplies and Materials	200		200		200
Total Other Support Serv-Students-Special Services	28,313	(1,500)	26,813	21,023	5,790
Improvement of Instruction Services:					
Salaries of Other Professional Staff	5,000	(2,400)	2,600	2,400	200
Salaries of Other Secretarial and Clerical Assistants		2,400	2,400	2,372	28
Other Salaries	5,000		5,000		5,000
Other Purchased Services	2,500		2,500		2,500
Total Improvement of Instruction Services	12,500		12,500	4,772	7,728
Educational Media Services/School Library:					
Salaries	5,000		5,000		5,000
Purchased Professional/Technical Services	2,000	(500)	1,500	850	650
Supplies and Materials	1,000	2,000	3,000	1,429	1,571
Total Educational Media Services/School Library	\$ 8,000	\$ 1,500	\$ 9,500	\$ 2,279	\$ 7,221

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Instructional Staff Training Services:					
Purchased Professional/Educational Services	\$ 1,290	\$	\$ 1,290	\$	\$ 1,290
Other Purchased Services	2,908		2,908	438	2,470
Total Instructional Staff Training Services	4,198		4,198	438	3,760
Support Services - General Administration:					
Salaries	43,200	(11,850)	31,350	31,202	148
Legal Fees	8,000	(2,000)	6,000	1,789	4,211
Audit Fees	12,500	(550)	11,950	11,818	132
Other Purchased Professional Services	3,000	15,675	18,675	15,190	3,485
Communications/Telephone	7,700	(1,000)	6,700	5,637	1,063
Other Purchased Services	10,500	500	11,000	8,495	2,505
General Supplies	1,000		1,000	354	646
BOE In-House Training/Meeting Supplies	100		100	16	84
Miscellaneous Expenditures	3,000	(775)	2,225	2,033	192
BOE Membership Dues and Fees	3,000		3,000	2,678	322
Total Support Services - General Administration	92,000		92,000	79,212	12,788
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	72,500		72,500	72,254	246
Salaries of Secretarial/Clerical Assistants	21,600		21,600	19,989	1,611
Supplies and Materials	1,000		1,000	679	321
Total Support Services - School Administration	95,100		95,100	92,922	2,178
Central Services:					
Salaries	84,500		84,500	81,823	2,677
Purchased Technical Services	10,000		10,000	9,425	575
Miscellaneous Purchased Services	500	(100)	400	274	126
Supplies and Materials	1,000		1,000	865	135
Miscellaneous Expenditures	800	100	900	814	86
Total Central Services	96,800		96,800	93,201	3,599

**MANNINGTON TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Undistributed Expenditures: (Continued)					
Operation and Maintenance of Plant Services:					
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve	\$ 29,000		\$ 29,000	\$ 28,872	\$ 128
Salaries	29,000		29,000	28,872	128
Cleaning, Repair and Maintenance Services	39,000	(2,811)	36,189	29,986	6,203
General Supplies	4,475	5,000	9,475	6,300	3,175
Total Required Maintenance for School Facilities	72,475	2,189	74,664	65,158	9,506
Undistributed Expenditures - Custodial Services					
Salaries	75,500		75,500	71,845	3,655
Salaries of Non- Instructional Aides		5,400	5,400	5,400	
Purchased Professional/Technical Services	17,000	(5,400)	11,600	7,765	3,835
Cleaning, Repair and Maintenance Services	14,000	(11,750)	2,250	1,265	985
Insurance	15,000	(500)	14,500	12,971	1,529
Miscellaneous Purchased Services	500		500	245	255
General Supplies	10,000	500	10,500	8,434	2,066
Energy (Natural Gas)	29,000		29,000	18,485	10,515
Energy (Electricity)	28,000	5,000	33,000	32,102	898
Other Objects		250	250.00	212	38.00
Total Other Operation and Maint. of Plant Services	189,000	(6,500)	182,500	158,724	23,776
Total Operation and Maintenance of Plant Services	261,475	(4,311)	257,164	223,882	33,282
Student Transportation Services:					
Sal. For Pupil Trans (Bet Home & School)- Reg	5,000	1,000	6,000	5,824	176
Contracted Serv. - Aid in Lieu of Payments- Non Put	5,000	1,250	6,250	6,206	44
Other Purchased Prof. And Technical Serv.	3,000		3,000		3,000
Contracted Services (Home/School) Vendors	168,000	(2,875)	165,125	153,584	11,541
Contracted Services (Not Home/School) Vendors	2,500	625	3,125	3,112	13
Contracted Services (Regular Students) ESC's	18,500		18,500	14,093	4,407
Contracted Services (Special Education) ESC's	58,500		58,500	20,420	38,080
Total Student Transportation Services	260,500		260,500	203,239	57,261
Unallocated Benefits:					
Social Security Contributions	28,000	4,000	32,000	31,772	228
Other Retirement Contributions - PERS	38,000	1,100	39,100	39,047	53
Unemployment Compensation	6,600	1,025	7,625	7,612	13
Workmen's Compensation	19,000	(1,025)	17,975	17,134	841
Health Benefits	422,600	(12,100)	410,500	349,310	61,190
Tuition Reimbursement	6,350		6,350	5,005	1,345
Other Employee Benefits	21,146		21,146	16,280	4,866
Total Unallocated Benefits	541,696	(7,000)	534,696	466,160	68,536
On-Behalf TPAF Post Retiremt. Medical Contrib.(non-budgeted)				100,423	(100,423)
On-Behalf TPAF Long-Term Disability Contrib (non-budgeted)				171	(171)
On-Behalf TPAF Pension Contribution (non-budgeted)				120,524	(120,524)
Reimbursed TPAF Soc. Sec. Contrib. (non-budgeted)				84,693	(84,693)
Total Undistributed Expenditures	2,238,469	(4,311)	2,234,158	2,064,548	169,610
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 3,519,672	\$ (19,614)	\$ 3,500,058	\$ 3,127,398	\$ 372,660

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$	\$	\$	\$	\$
Equipment					
Undistributed Expenditures - Instruction		3,471	3,471	3,471	
Special Education - Instruction:					
Special Schools - (All Programs)		74,804	74,804	64,545	10,259
		<u>78,275</u>	<u>78,275</u>	<u>68,016</u>	<u>10,259</u>
Facilities Acquisition and Construction Services:					
Required Maintenance for School Facilities					
Total Facilities Acquisition and Construction Services					
Interest Deposit to Capital Reserve	25		25		25
TOTAL CAPITAL OUTLAY	<u>25</u>	<u>78,275</u>	<u>78,300</u>	<u>68,016</u>	<u>10,284</u>
TOTAL EXPENDITURES	<u>3,519,697</u>	<u>58,661</u>	<u>3,578,358</u>	<u>3,195,414</u>	<u>382,944</u>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	<u>(152,562)</u>	<u>(58,661)</u>	<u>(211,223)</u>	<u>488,811</u>	<u>700,034</u>
Other Financing Sources (uses):					
Transfer to Food Service	<u>(10,000)</u>		<u>(10,000)</u>	<u>(10,000)</u>	
Total Other Financing Sources	<u>(10,000)</u>		<u>(10,000)</u>	<u>(10,000)</u>	
Excess (deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(162,562)</u>	<u>(58,661)</u>	<u>(221,223)</u>	<u>478,811</u>	<u>700,034</u>
Fund Balances, July 1	1,087,375		1,087,375	1,087,375	
Fund Balances, June 30	\$ <u>924,813</u>	\$ <u>(58,661)</u>	\$ <u>866,152</u>	\$ <u>1,566,186</u>	\$ <u>700,034</u>
RECAPITULATION :					
Restricted Fund Balance:					
Capital Reserve				\$ 567,600	
Maintenance Reserve				100,000	
Excess Surplus				323,029	
Excess Surplus - Designated for Subsequent Year's Expenditures				298,605	
Assigned to Year-End Encumbrances				26,082	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				348	
Unassigned Fund Balance				250,522	
				<u>1,566,186</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(56,095)	
Fund Balance per Governmental Funds (GAAP)				\$ <u>1,510,091</u>	

MANNINGTON TOWNSHIP 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 Favorable (Unfavorable)</u>
REVENUES:					
Federal Sources	\$ 212,756	\$ 14,426	\$ 227,182	\$ 182,203	\$
State Sources				48,819	
Other				2,261	
Total Revenues	<u>212,756</u>	<u>14,426</u>	<u>227,182</u>	<u>233,283</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	129,673	(1,089)	128,584	128,584	
General Supplies		14,426	14,426	14,426	
Total Instruction	<u>129,673</u>	<u>13,337</u>	<u>143,010</u>	<u>143,010</u>	
Support Services					
Salaries - Other Professional					
Employee Benefits	21,022	1,089	22,111	22,111	
Purchased Professional/Technical Services	59,800		59,800	59,800	
Supplies & Materials	2,261	(2,261)			
Total Support Services	<u>83,083</u>	<u>(1,172)</u>	<u>81,911</u>	<u>81,911</u>	
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Non-instructional Equipment		2,261	2,261	8,362	
Total Facilities Acquisition and Construction Services		<u>2,261</u>	<u>2,261</u>	<u>8,362</u>	
Total Expenditures	<u>212,756</u>	<u>14,426</u>	<u>227,182</u>	<u>233,283</u>	
Other Financing Sources (Uses)					
Total Outflows	<u>212,756</u>	<u>14,426</u>	<u>227,182</u>	<u>233,283</u>	
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**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] \$	3,684,225	[C-2] \$	233,283
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.		56,249		5,600
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		(56,095)		(4,881)
		3,684,379		234,002
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	3,684,379	[B-2] \$	234,002
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	3,195,414	[C-2] \$	233,283
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.				
State aid payment recognized for budgetary purposes, not recognized for GAAP statements				
		3,195,414		233,283
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	3,195,414	[B-2] \$	233,283

REQUIRED SUPPLEMENTARY INFORMATION PART III

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.004063%	0.004222%	0.004232%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,203,274	\$ 947,862	\$ 792,369
District's Covered-Employee Payroll	\$ 253,825	\$ 257,366	\$ 277,149
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	474.06%	368.29%	285.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 36,200	\$ 36,302	\$ 34,889
Contributions in Relation to the Contractually Required Contribution	<u>(36,200)</u>	<u>(36,302)</u>	<u>(34,889)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 253,825	\$ 257,366	\$ 277,149
Contributions as a Percentage of Covered-Employee Payroll	14.26%	14.11%	12.59%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.011214%	0.010929%	0.011818%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 8,821,920	\$ 6,907,341	\$ 6,316,522
District's Covered-Employee Payroll	\$ 1,163,789	\$ 1,093,431	\$ 1,080,037
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	758.03%	631.71%	584.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%

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

Township of Mannington School District

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

Public Employees' Retirement System (PERS)

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

Change of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	<u>NCLB</u>	<u>REAP</u>	<u>Safety</u>	<u>Sub-Total</u>	<u>Totals</u>	
	<u>Title I</u>			<u>Grant</u>	<u>Grant</u>	<u>Per</u>
	<u>Part A</u>			<u>E-1(2)</u>		
REVENUES:						
Federal Sources	\$ 101,876	\$ 20,527	\$	\$ 59,800	\$ 182,203	\$ 144,562
State Sources				48,819	48,819	56,001
Other			2,261		2,261	2,236
Total Revenues	<u>101,876</u>	<u>20,527</u>	<u>2,261</u>	<u>108,619</u>	<u>233,283</u>	<u>202,799</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	79,765			48,819	128,584	89,263
General Supplies		14,426			14,426	19,243
Total Instruction	<u>79,765</u>	<u>14,426</u>		<u>48,819</u>	<u>143,010</u>	<u>108,506</u>
Support Services:						
Salaries - Other Professionals						17,719
Employee Benefits	22,111				22,111	13,255
Purchased Professional/Technical Services				59,800	59,800	61,083
Supplies & Materials						2,236
Total Support Services	<u>22,111</u>			<u>59,800</u>	<u>81,911</u>	<u>94,293</u>
Facilities Acquisition/Construction:						
Instructional Equipment						
Non-Instructional Equipment		6,101	2,261		8,362	
Total Facilities Acquisition/Construction		<u>6,101</u>	<u>2,261</u>		<u>8,362</u>	
Total Expenditures	<u>\$ 101,876</u>	<u>\$ 20,527</u>	<u>\$ 2,261</u>	<u>\$ 108,619</u>	<u>\$ 233,283</u>	<u>\$ 202,799</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	Title IIA	Preschool Education Program	IDEA		Totals 2017
			Part B	Part B Pre- School	
REVENUES:					
Federal Sources	\$ 4,945		\$ 54,070	\$ 785	\$ 59,800
State Sources		48,819			48,819
Other					
Total Revenues	4,945	48,819	54,070	785	108,619
EXPENDITURES:					
Instruction:					
Salaries of Teachers		48,819			48,819
Total Instruction		48,819			48,819
Support Services:					
Purchased Professional/Technical Services	4,945		54,070	785	59,800
Total Support Services	4,945		54,070	785	59,800
Facilities Acquisition/Construction:					
Instructional Equipment					
Total Facilities Acquisition/Construction					
Total Expenditures	\$ 4,945	\$ 48,819	\$ 54,070	\$ 785	\$ 108,619

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 48,819	\$ 48,819	
Total Instruction	<u>48,819</u>	<u>48,819</u>	
Support Services:			
Salaries of Supervisors of Instruction			
Total Support Services			
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non-instructional Equipment			
Total Facilities Acquisition and Const. Services			
Contribution to Charter Schools			
Total Expenditures	<u>\$ 48,819</u>	<u>\$ 48,819</u>	

CALCULATION OF BUDGET & CARRYOVER

Total 2016-17 Preschool Education Aid Allocation	\$ 48,819	(1)
Add: Actual ECPA Carryover (June 30, 2016)		(2)
Add: Budgeted Transfer from General Fund 2016-17		(3)
Total Preschool Education Aid Funds Available for 2016-17 Budget	<u>48,819</u>	(4)
Less: 2016-17 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	<u>(48,819)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2017		(6)
Add: June 30, 2017 Unexpended Preschool Education Aid		(7)
Less: 2016-17 Commissioner-approved Transfer to the General Fund		(8)
2016-17 Carryover - Preschool Education Aid	<u>\$</u>	(9)
2016-17 Preschool Education Aid Carryover Budgeted for Preschool Programs 2017-18	<u>\$</u>	(10)

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINED SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017 AND 2016

	<u>Food Service Fund</u>	<u>Total</u>	
		<u>2017</u>	<u>2016</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 4,123	\$ 4,123	\$ 5,734
Accounts Receivable:			
State	22	22	39
Federal	1,111	1,111	2,007
Other	143	143	128
Inventory	148	148	144
Total Current Assets	<u>5,547</u>	<u>5,547</u>	<u>8,052</u>
Fixed Assets:			
Equipment	13,345	13,345	3,318
Accumulated Depreciation	(3,490)	(3,490)	(1,156)
Total Fixed Assets	<u>9,855</u>	<u>9,855</u>	<u>2,162</u>
Total Assets	<u>15,402</u>	<u>15,402</u>	<u>10,214</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	787	787	529
Due to General Fund	5,870	5,870	
Total Current Liabilities	<u>6,657</u>	<u>6,657</u>	<u>529</u>
Total Liabilities	<u>6,657</u>	<u>6,657</u>	<u>529</u>
NET POSITION:			
Investment in Fixed Assets	9,855	9,855	2,162
Unrestricted	(1,110)	(1,110)	7,523
Total Net Position	<u>\$ 8,745</u>	<u>\$ 8,745</u>	<u>\$ 9,685</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	Food Service Fund	Total	
		2017	2016
OPERATING REVENUES:			
Local Sources:			
Food Sales Reimbursable Programs	\$ 22,839	\$ 22,839	\$ 21,410
Food Sales Non-Reimbursable Programs	18,144	18,144	9,031
Total Operating Revenue	40,983	40,983	30,441
OPERATING EXPENSES:			
Cost of Sales - Reimbursable Programs	48,600	48,600	64,727
Cost of Sales - Non-Reimbursable Programs	9,724	9,724	
Salaries	15,929	15,929	24,046
Employee Benefits	3,319	3,319	4,839
General Supplies	2,827	2,827	1,217
Other Purchased Services	76	76	
Depreciation	2,334	2,334	210
Total Operating Expenses	82,809	82,809	95,039
Operating Income/(Loss)	(41,826)	(41,826)	(64,598)
NON-OPERATING REVENUES:			
State Sources:			
State School Lunch Program	556	556	699
Federal Sources:			
National School Lunch Program	20,056	20,056	27,875
School Breakfast Program	5,761	5,761	8,008
USDA Commodities	4,513	4,513	8,653
Total Non-Operating Revenues	30,886	30,886	45,235
Change in Net Position before Operating Transfers			
In/(Out)	(10,940)	(10,940)	(19,363)
Operating Transfer In - General Fund	10,000	10,000	23,000
Net (Loss) Income	(940)	(940)	3,637
Net Position - July 1	9,685	9,685	6,048
Net Position - June 30	\$ 8,745	\$ 8,745	\$ 9,685

MANNINGTON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2017

	Food Service Fund	Total	
		2017	2016
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 40,983	\$ 40,983	\$ 30,441
Payments to Employees	(15,929)	(15,929)	(24,046)
Payments for Employee Benefits	(3,319)	(3,319)	(4,839)
Payments to Suppliers	(54,205)	(54,205)	(66,265)
Net Cash Used by Operating Activities	(32,470)	(32,470)	(64,709)
Cash Flows from Noncapital Financing Activities			
Operating Transfer In-General Fund	10,000	10,000	23,000
Cash Received from State and Federal Reimbursements	30,886	30,886	45,235
Net Cash Provided by Noncapital Financing Activities	40,886	40,886	68,235
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Purchase of Fixed Assets	(10,027)	(10,027)	
Net Cash Provided by (Used for) Capital Financing Activities	(10,027)	(10,027)	
Net Increase (Decrease) in Cash	(1,611)	(1,611)	3,526
Cash and Cash Equivalents, July 1 (Overdraft)	5,734	5,734	2,208
Cash and Cash Equivalents, June 30 (Overdraft)	\$ 4,123	\$ 4,123	\$ 5,734
Operating Income (Loss)	\$ (41,826)	\$ (41,826)	\$ (64,598)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Depreciation	2,334	2,334	210
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	898	898	202
(Increase)/Decrease in Inventory	(4)	(4)	(144)
Increase/(Decrease) in Due to General	5,870	5,870	(379)
Increase/(Decrease) in Unearned Revenue	258	258	
Total Adjustments	9,356	9,098	(111)
Net Cash Used by Operating Activities	\$ (32,470)	\$ (32,728)	\$ (64,709)

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	<u>Student</u> <u>Activity</u>	<u>Payroll</u>	<u>Total</u>	
			<u>2017</u>	<u>2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 12,954	\$ 1,000	\$ 13,954	\$ 28,847
Total Assets	<u>\$ 12,954</u>	<u>\$ 1,000</u>	<u>\$ 13,954</u>	<u>\$ 28,847</u>
LIABILITIES AND NET POSITION:				
Liabilities:				
Due to Student Groups	\$ 12,954	\$	\$ 12,954	\$ 11,894
Due to General Fund				5,261
Medical Reimbursement Plan		1,000	1,000	11,692
Total Liabilities	<u>\$ 12,954</u>	<u>\$ 1,000</u>	<u>\$ 13,954</u>	<u>\$ 28,847</u>

MANNINGTON TOWNSHIP 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,</u> <u>2016</u>	<u>Accounts</u> <u>Receivable</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Due to</u> <u>General</u>	<u>Balance</u> <u>June 30,</u> <u>2017</u>
Elementary School	\$ 11,894	\$	\$ 15,682	\$ 14,622	\$	\$ 12,954
Band Account					\$	945
General						3,531
8th Grade						629
GenYouth Grant						3,000
Garden						1,016
Interest & Other						3,355
Fuel up to Play 60 Incentives						478
Total					\$	\$ 12,954

MANNINGTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 11,692	\$ 1,791,346	\$ 1,802,038	\$ 1,000
	<u>\$ 11,692</u>	<u>\$ 1,791,346</u>	<u>\$ 1,802,038</u>	<u>\$ 1,000</u>
LIABILITIES:				
Net Payroll	\$	\$ 984,295	\$ 984,295	\$
Payroll Deductions and Withholdings		807,045	807,045	
Medical Reimbursement Plan	11,692	6	10,698	1,000
Total Liabilities	<u>\$ 11,692</u>	<u>\$ 1,791,346</u>	<u>\$ 1,802,038</u>	<u>\$ 1,000</u>

LONG-TERM DEBT SCHEDULES

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATION UNDER SERIAL BONDS
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Refunded</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>						
Refunding of Series 3/1/06 Issue - Renovations to the Elementary School	4/12/16	\$ 1,400,000	3/1/18	\$ 135,000	1.93%	\$ 1,400,000	\$	\$	\$ 135,000	\$ 1,265,000
			3/1/19	135,000						
			3/1/20	140,000						
			3/1/21	140,000						
			3/1/22	145,000						
			3/1/23	145,000						
			3/1/24	140,000						
			3/1/25	145,000						
			3/1/26	140,000						
						<u>\$ 1,400,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 135,000</u>	<u>\$ 1,265,000</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE 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 Favorable (Unfavorable)</u>
REVENUES:					
Local Sources					
Local Tax Levy	\$ 113,507	\$	\$ 113,507	\$ 113,507	\$
State Sources					
Debt Service Aid - Type II	58,477		58,477	58,477	
Total Revenues	<u>171,984</u>		<u>171,984</u>	<u>171,984</u>	
EXPENDITURES:					
Regular Debt Service					
Redemption of Bond Principal	115,000	20,000	135,000	135,000	
Interest on Bonds	56,989	(20,000)	36,989	23,943	13,046
Total Expenditures	<u>171,989</u>		<u>171,989</u>	<u>158,943</u>	<u>13,046</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)				13,041	13,046
Fund Balance - July 1, 2016	5		5	5	
Fund Balance - June 30, 2017	<u>\$ 5</u>	\$	<u>\$ 5</u>	<u>\$ 13,046</u>	<u>\$ 13,046</u>

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ (146,614)	\$ (99,512)	\$ (176,388)	\$ (174,709)	\$ (280,504)	\$ (170,290)	\$ (133,151)	\$ (106,897)	\$ (78,130)	\$ (17,208)
Restricted	300,623	308,503	194,308	201,286	296,866	236,930	111,476	274,249	772,771	1,297,747
Unrestricted (Deficit)	213,443	137,058	110,390	111,369	183,990	27,717	49,339	(718,844)	(680,522)	(762,209)
Total Governmental Activities Net Position	\$ 367,452	\$ 346,049	\$ 128,310	\$ 137,946	\$ 200,352	\$ 94,357	\$ 27,664	\$ (551,492)	\$ 14,119	\$ 518,330
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 5,471	\$ 5,139	\$ 4,807	\$ 7,686	\$ 7,144	\$ 5,004	\$ 4,461	\$ 2,372	\$ 2,162	\$ 9,855
Unrestricted (Deficit)	14,621	24,357	34,216	20,657	1,051	648	200	3,676	7,523	(1,110)
Total Business-Type Activities Net Position	\$ 20,092	\$ 29,496	\$ 39,023	\$ 28,343	\$ 8,195	\$ 5,652	\$ 4,661	\$ 6,048	\$ 9,685	\$ 8,745
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ (141,143)	\$ (94,373)	\$ (171,581)	\$ (167,023)	\$ (273,360)	\$ (165,286)	\$ (128,690)	\$ (104,525)	\$ (75,968)	\$ (7,353)
Restricted	300,623	308,503	194,308	201,286	296,866	236,930	111,476	274,249	772,771	1,297,747
Unrestricted (Deficit)	228,064	161,415	144,606	132,026	185,041	28,365	49,539	(715,168)	(672,999)	(763,319)
Total District-Wide Net Position	\$ 387,544	\$ 375,545	\$ 167,333	\$ 166,289	\$ 208,547	\$ 100,009	\$ 32,325	\$ (545,444)	\$ 23,804	\$ 527,075

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 982,172	1,021,115	1,021,209	1,022,099	1,055,363	1,080,289	1,106,427	1,153,334	1,068,306	1,176,301
Special Education	198,951	208,938	226,452	195,531	166,555	174,368	173,722	90,145	55,681	111,607
Other Special Education	3,300	3,300	1,100							
Other Instruction	8,156	719	1,531	1,565	1,222	1,016	1,397	548	859	468
Support Services										
Tuition	563,281	531,577	599,893	366,720	434,999	417,605	527,318	507,963	346,463	394,633
Student and Instruction Related Services	268,909	292,475	323,817	332,623	366,400	351,150	326,640	294,313	298,124	286,975
General Administrative Services	96,244	95,053	94,020	53,654	57,669	57,703	65,899	84,324	100,832	87,965
School Administrative Services	46,614	48,590	48,931	98,188	92,607	90,222	107,832	94,505	95,291	97,340
Central Services	75,219	74,448	82,963	86,320	88,891	90,505	92,039	89,483	96,185	98,926
Plant Operations and Maintenance	179,771	205,318	204,116	201,174	192,824	199,831	217,577	208,516	213,598	238,401
Pupil Transportation	198,204	211,450	238,042	251,364	276,904	236,136	199,350	215,638	215,021	203,239
Employee Benefits	784,334	646,696	673,578	772,498	774,539	862,689	763,130	973,975	1,091,438	1,391,635
Amortization of Debt Issue Costs	1,789	1,789	1,789	1,789	1,789					
Interest on Long-Term Debt	101,421	96,477	91,704	88,505	79,596	76,053	70,214	63,995	46,791	30,985
Total Governmental Activities Expense	3,508,365	3,437,945	3,609,145	3,472,030	3,589,358	3,637,567	3,651,545	3,776,739	3,628,589	4,118,475
Business-Type Activities										
Food Service	78,045	77,179	81,222	74,830	85,586	95,512	89,404	91,635	95,039	82,809
Total Business-Type Activities Expense	78,045	77,179	81,222	74,830	85,586	95,512	89,404	91,635	95,039	82,809
Total District Expenses	\$ 3,586,410	3,515,124	3,690,367	3,546,860	3,674,944	3,733,079	3,740,949	3,868,374	3,723,628	4,201,284
Program Revenues										
Governmental Activities										
Charge for Services										
Instruction (Tuition)	\$			26,200	62,517	13,338	11,700	11,809		-
Operating Grants and Contributions	595,107	325,358	349,632	350,409	399,852	409,855	369,495	311,987	387,177	410,037
Total Governmental Activities Prog. Revenues	595,107	325,358	349,632	376,609	462,369	423,193	381,195	323,796	387,177	410,037
Business-Type Activities										
Charges for Services										
Food Service	35,105	38,291	33,657	27,767	32,591	32,622	31,008	29,448	30,441	40,983
Operating Grants and Contributions	33,561	33,292	45,092	36,383	31,000	39,944	35,905	39,452	45,235	30,886
Total Business-Type Activities Prog. Revenues	68,666	71,583	78,749	64,150	63,591	72,566	66,913	68,900	75,676	71,869
Total District Program Revenues	\$ 663,773	396,941	428,381	440,759	525,960	495,759	448,108	392,696	462,853	481,906
Net (Expense) Revenues										
Governmental Activities	\$ (2,913,258)	(3,112,587)	(3,259,513)	(3,095,421)	(3,126,989)	(3,214,374)	(3,270,350)	(3,452,943)	(3,241,412)	(3,708,438)
Business-Type Activities	(9,379)	(5,596)	(2,473)	(10,680)	(21,995)	(22,946)	(22,491)	(22,735)	(19,363)	(10,940)
Total District-Wide Net Expenses	\$ (2,922,637)	(3,118,183)	(3,261,986)	(3,106,101)	(3,148,984)	(3,237,320)	(3,292,841)	(3,475,678)	(3,260,775)	(3,719,378)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purpose, Net	\$ 2,131,540	2,216,802	2,305,465	2,307,927	2,311,434	2,357,663	2,404,816	2,571,505	2,622,935	2,753,976
Taxes Levied for Debt Service	121,775	119,974	121,173	131,178	132,367	133,422	134,346	135,137	113,116	113,507
Unrestricted Grants and Contributions	625,551	714,275	673,116	612,750	664,293	605,108	620,492	985,912	1,029,432	1,290,148
Restricted Grants, Tuition and Contributions										
Tuition	34,803	48,768	47,749	48,940	83,984	63,625	60,297	62,267	57,000	46,817
Investment Earnings	28,641	5,781	2,526	2,126	1,771	1,575	992	1,134	1,714	2,486
Miscellaneous Income	1,416	584	2,533	2,136	8,795	9,713	4,214	5,231	5,826	15,715
Transfers	(15,000)	(15,000)	(12,000)		(1,847)	(22,000)	(21,500)	(26,000)	(23,000)	(10,000)
Fixed Assets Adjustments			(98,788)		(11,402)	(17,463)				
Total Governmental Activities	2,928,726	3,091,184	3,041,774	3,105,057	3,189,395	3,131,643	3,203,657	3,735,186	3,807,023	4,212,649
Business-Type Activities										
Fixed Asset Adjustments						(1,597)		(1,878)		
Transfers	15,000	15,000	12,000		1,847	22,000	21,500	26,000	23,000	10,000
Total Business-Type Activities	15,000	15,000	12,000	-	1,847	20,403	21,500	24,122	23,000	10,000
Total District-wide	\$ 2,943,726	3,106,184	3,053,774	3,105,057	3,191,242	3,152,046	3,225,157	3,759,308	3,830,023	4,222,649
Change in Net Position										
Governmental Activities	\$ 15,468	(21,403)	(217,739)	9,636	62,406	(82,731)	(66,693)	282,243	565,611	504,211
Business-Type Activities	5,621	9,404	9,527	(10,680)	(20,148)	(2,543)	(991)	1,387	3,637	(940)
Total District-wide	\$ 21,089	(11,999)	(208,212)	(1,044)	42,258	(85,274)	(67,684)	283,630	569,248	503,271

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted	\$ 295,003	\$ 308,955	\$ 155,072	\$ 208,427	\$ 304,696	\$ 243,124	\$ 117,071	\$ 279,485	\$ 778,192	\$ 1,289,234
Assigned							1,799	27,657	58,835	26,430
Unassigned	254,673	187,444	224,560	198,249	191,493	183,833	183,766	201,763	194,099	194,427
Total General Fund	\$ 549,676	\$ 496,399	\$ 379,632	\$ 406,676	\$ 496,189	\$ 426,957	\$ 302,636	\$ 508,905	\$ 1,031,126	\$ 1,510,091
All Other Governmental Funds										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved, Reported in:										
Special Revenue Fund (Deficit)	(8,546)	(6,634)	(6,801)	(7,144)	(7,831)	(6,199)	(5,600)	(5,241)	(5,600)	(4,881)
Capital Projects Fund	19,588	8,248								
Debt Service Fund	2	2	3	3	4	5	5	5	5	13,046
Total All Other Governmental Funds	\$ 11,044	\$ 1,616	\$ (6,798)	\$ (7,141)	\$ (7,827)	\$ (6,194)	\$ (5,595)	\$ (5,236)	\$ (5,595)	\$ 8,165

Source: CAFR Schedule B-1

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 2,253,315	\$ 2,336,776	\$ 2,426,638	\$ 2,439,105	\$ 2,443,801	\$ 2,491,085	\$ 2,539,162	\$ 2,706,642	\$ 2,736,051	\$ 2,867,483
Tuition Charges	34,803	48,768	47,749	48,940	83,984	63,625	60,297	62,267	57,000	46,817
Interest Earnings	28,641	5,781	2,526	2,126	1,771	1,575	992	1,134	1,714	2,486
Miscellaneous	4,416	6,173	2,533	2,136	8,795	9,713	4,214	5,231	5,826	15,715
State Sources	1,108,415	923,030	868,221	833,126	915,976	916,374	877,243	929,991	940,078	975,661
Federal Sources	109,243	115,603	154,527	130,033	148,169	98,589	112,744	87,104	144,562	182,203
Total Revenues	3,538,833	3,436,131	3,502,194	3,455,466	3,602,496	3,580,961	3,594,652	3,792,369	3,885,231	4,090,365
Expenditures										
Instruction										
Regular Instruction	947,361	984,633	959,868	954,585	988,494	1,012,742	1,037,017	1,084,350	1,032,019	1,097,542
Special Education Instruction	191,823	201,468	213,892	192,712	163,762	171,547	170,823	87,264	52,763	108,318
Other Special Instruction	3,300	3,300	1,100							
Other instruction	7,947	500	1,163	1,164	825	615	985	138	444	
Support Services										
Tuition	563,281	531,577	599,893	366,720	434,999	417,605	527,318	507,963	346,463	394,633
Student and Instruction Related Services	259,326	282,432	306,931	287,831	285,469	319,211	295,826	263,507	278,880	265,288
General administration	92,376	90,999	87,204	49,867	50,238	50,196	62,005	76,658	93,067	79,212
School Administrative Services	44,661	46,543	45,489	90,685	88,856	86,433	100,119	90,636	91,372	92,922
Other Administrative Services										
Central Services	72,688	71,795	78,502	81,412	84,030	85,595	86,993	84,469	91,106	93,201
Plant Operations and Maintenance	173,355	198,594	192,810	188,728	180,497	187,379	204,783	195,799	200,717	223,882
Pupil Transportation	198,204	211,450	238,042	251,364	276,904	236,136	199,350	215,638	215,021	203,239
Employee Benefits	768,044	644,626	656,868	754,428	757,196	827,594	779,580	738,838	759,853	794,082
Capital Outlay	99,364	15,963	31,658	10,513		29,349	28,519	9,726	7,275	76,378
Debt Service										
Principal	99,323	100,831	107,434	109,136	115,943	122,863	129,902	137,066	110,000	135,000
Interest and Other Charges	103,632	99,125	94,521	89,620	84,612	79,292	73,654	67,689	61,389	23,943
Total Expenditures	3,624,685	3,483,836	3,615,375	3,428,765	3,511,825	3,626,557	3,696,874	3,559,741	3,340,369	3,587,640
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(85,852)	(47,705)	(113,181)	26,701	90,671	(45,596)	(102,222)	232,628	544,862	502,725
Other Financing Sources (Uses)										
Bond Proceeds										
Transfers Out	(15,000)	(15,000)	(12,000)		(1,847)	(22,000)	(21,500)	(26,000)	(23,000)	(10,000)
Total Other Financing Sources (Uses)	(15,000)	(15,000)	(12,000)		(1,847)	(22,000)	(21,500)	(26,000)	(23,000)	(10,000)
Net Change in Fund Balances	\$ (100,852)	\$ (62,705)	\$ (125,181)	\$ 26,701	\$ 88,824	\$ (67,596)	\$ (123,722)	\$ 206,628	\$ 521,862	\$ 492,725
Debt Service as a Percentage of										
Noncapital Expenditures	5.6%	5.7%	5.6%	5.8%	5.7%	5.6%	5.5%	5.8%	5.1%	4.4%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Misc.</u>	<u>Total</u>
2017	\$ 2,486	\$ 46,817	\$ 13,454	\$ 62,757
2016	1,714	57,000	3,590	62,304
2015	1,134	62,267	1,967	65,368
2014	992	60,297	4,214	65,503
2013	1,575	63,625	6,787	71,987
2012	1,771	48,940	2,136	52,847
2011	2,126	48,940	2,136	53,202
2010	2,526	47,749	1,533	51,808
2009	5,781	48,768	5,173	59,722
2008	28,641	34,803	1,416	64,860

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2017	\$ 4,397,400	\$ 72,195,500	\$ 46,418,800	\$ 7,539,600	\$ 28,280,100	\$ 33,009,600	\$ 191,841,000	\$ 453,927	\$ 192,294,927	1.445	\$ 195,500,452 *
2016	4,461,700	71,077,900	47,313,700	7,608,300	47,638,400	34,509,600	212,609,600	458,846	213,068,446	1.346	201,503,423
2015	4,322,800	70,801,000	47,495,600	7,620,600	47,638,400	36,209,600	214,088,000	796,500	214,884,500	1.273	207,690,719
2014	4,240,200	71,041,000	47,705,900	7,632,300	47,885,900	37,709,600	216,214,900	475,531	216,690,431	1.25	214,068,000
2013	4,239,400	70,875,700	48,270,600	7,634,900	47,635,900	41,984,600	220,641,100	656,193	221,297,293	1.148	220,641,100
2012	4,341,400	71,591,800	48,404,200	7,557,100	48,284,100	41,984,600	222,163,200	683,136	222,846,336	1.118	225,615,111
2011	4,122,500	71,392,300	46,769,600	7,634,900	44,220,900	41,984,600	216,124,800	716,136	216,840,936	1.127	211,460,478
2010	4,397,400	71,794,100	46,640,600	7,667,000	44,902,300	41,984,600	217,386,000	921,836	218,307,836	1.117	211,460,478
2009	4,410,700	70,180,800	47,490,900	7,827,900	45,095,300	41,984,600	216,990,200	941,055	217,931,255	1.115	214,196,524
2008	3,672,000	68,437,300	47,239,500	7,592,600	45,095,300	52,645,400	224,682,100	866,372	225,548,472	1.037	211,143,852

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

* Estimate

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

Year Ended June 30,	Mannington Township Board of Education			Overlapping Rates			Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Mannington Township	Salem County	REAP CREDIT	
2017	\$ 1.385	\$ 0.060	\$ 1.445	\$ 0.302	\$ 1.128	\$	\$ 2.875
2016	1.279	0.067	1.346	0.301	1.082		2.729
2015	1.209	0.064	1.273	0.301	0.949		2.523
2014	1.184	0.066	1.250	0.297	0.898		2.445
2013	1.087	0.610	1.148	0.297	0.941		2.386
2012	1.057	0.061	1.118	0.298	0.972		2.388
2011	1.066	0.061	1.127	0.288	0.919		2.334
2010	1.061	0.056	1.117	0.288	0.855		2.260
2009	1.058	0.057	1.115	0.273	0.872	-0.017	2.243
2008	0.981	0.056	1.037	0.229	0.894		2.160

Source: District Records and Municipal Tax Collector

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mannington Mills, Inc.	\$ 32,929,200	17.16%	\$ 53,539,500	23.74%
Salem Hospital Corp	14,575,000	7.60%	31,650,000	14.03%
Golden Rehab & Nursing	4,065,000	2.12%		
Four B's	1,450,000	0.76%	1,875,000	0.83%
RJ's Holdings Inc	1,025,000	0.53%		
ISE America, Inc	924,100	0.48%		
Taxpayer #1	868,400	0.45%	1,553,300	0.69%
Taxpayer #2	866,100	0.45%	946,400	0.43%
Salem Farms			2,831,200	1.26%
LAM Services LLC			1,000,400	0.44%
ACJM & M Enterprises			1,000,000	0.44%
Waldac Farms Inc.			946,400	0.42%
Inheritance Acres LLC			881,500	0.39%
Total	\$ 56,702,800	29.56%	\$ 96,223,700	42.67%

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2017	\$ 2,867,483	\$ 2,867,483	100%	\$
2016	2,736,051	2,736,051	100%	
2015	2,706,642	2,706,642	100%	
2014	2,539,162	2,539,162	100%	
2013	2,491,085	2,491,085	100%	
2012	2,443,801	2,443,801	100%	
2011	2,439,105	2,439,105	100%	
2010	2,426,638	2,426,638	100%	
2009	2,336,776	2,336,776	100%	
2008	2,253,315	2,253,315	100%	

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2017	\$ 1,265,000	\$	\$	\$	\$	1,265,000	1.62%	\$ 719
2016	1,400,000					1,400,000	1.83%	800
2015	1,463,000					1,463,000	1.98%	823
2014	1,563,000	37,066				1,600,066	2.16%	894
2013	1,658,000	71,968				1,729,968	2.34%	959
2012	1,748,000	104,831				1,852,831	2.58%	1,026
2011	1,833,000	135,774				1,968,774	2.75%	1,092
2010	1,913,000	164,910				2,077,910	3.40%	1,375
2009	1,993,000	192,344				2,185,344	3.68%	1,443
2008	2,068,000	218,175				2,286,175	4.07%	1,551

* Estimate

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2017	\$ 1,265,000	\$	\$ 1,265,000	0.647%	\$ 719 *
2016	1,400,000		1,400,000	0.695%	800
2015	1,463,000		1,463,000	0.704%	829
2014	1,563,000		1,563,000	0.730%	880
2013	1,658,000		1,658,000	0.751%	927
2012	1,748,000		1,748,000	0.775%	969
2011	1,833,000		1,833,000	0.867%	1,015
2010	1,913,000		1,913,000	0.876%	1,229
2009	1,993,000		1,993,000	0.915%	1,281
2008	2,068,000		2,068,000	0.917%	1,326

* Estimate

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

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

b Population data can be found in Exhibit NJ J-13.

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of Mannington	\$ 130,000		\$ 130,000
Other Debt			
County of Salem - Township's Share	39,354,364	0.037896	1,491,387
Subtotal, Overlapping Debt			<u>1,621,387</u>
Mannington Township School District Direct Debt			<u>1,265,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 2,886,387</u></u>

Sources: Mannington Township Finance Officer and Salem County Finance Office

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis	
	2016	\$ 202,987,970
	2015	210,013,734
	2014	201,448,710
	[A]	\$ 614,450,414
Average Equalized Valuation of Taxable Property	[A/3]	\$ 204,816,805
Debt Limit (3% of Average Equalization Value)	[B]	6,144,504 a
Net Bonded School Debt	[C]	1,265,000
Legal Debt Margin	[B-C]	\$ 4,879,504

	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 5,792,679	\$ 6,088,936	\$ 6,278,897	\$ 6,420,777	\$ 6,452,586	\$ 6,521,149	\$ 6,337,079	\$ 6,156,737	\$ 6,127,039	\$ 6,144,504
Total Net Debt Applicable to Limit	2,068,000	1,993,000	1,913,000	1,833,000	1,748,000	1,658,000	1,563,000	1,463,000	1,400,000	1,265,000
Legal Debt Margin	\$ 3,724,679	\$ 4,095,936	\$ 4,365,897	\$ 4,587,777	\$ 4,704,586	\$ 2,643,313	\$ 4,774,079	\$ 4,693,737	\$ 4,727,039	\$ 4,879,504
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	36%	33%	30%	29%	27%	25%	25%	24%	23%	21%

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

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

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

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2017	** 1,740	\$ 78,638,448	\$ 45,195	4.45%
2016	1,750	78,307,320	44,747	5.70%
2015	1,760	77,975,040	44,304	7.30%
2014	1,782	76,358,700	42,850	7.90%
2013	1,795	74,065,290	41,262	10.00%
2012	1,811	73,919,587	40,817	10.30%
2011	1,815	74,084,670	40,818	12.30%
2010	1,819	71,777,740	39,460	13.50%
2009	1,556	60,396,140	38,815	7.60%
2008	1,560	60,671,520	38,892	4.40%

Source:

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

^b Personal income

^c Per Capita

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

** Estimate

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

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Mannington Mills, Inc	610	1	36.64%	800	1	45.79%
Memorial Hospital of Salem	600	2	36.04%	570	2	32.63%
Salem County Correctional Fac.	170	3	10.21%	115	4	6.58%
Salem County VoTech School	154	4	9.25%	110	5	6.30%
Salem County Nursing Home	100	5	6.01%	119	3	6.81%
Mannington Twp School	31	6	1.86%	33	6	1.89%
	<u>1,665</u>		<u>100.0%</u>	<u>1,747</u>		<u>100.0%</u>

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	14.5	14.8	15.2	14.8	14.8	14.8	14.8	14.8	14.6	15.6
Special Education	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	2.0
Other Special Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vocational	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Instruction	6.5	7.0	7.0	5.0	5.5	5.5	5.5	5.0	4.0	4.0
Nonpublic School Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult/Continuing Education Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & Instruction Related Services	0.8	0.8	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.5
General Administrative Services	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	1.5
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business Administrative Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Plant Operations and Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Pupil Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Totals	<u>30.3</u>	<u>31.1</u>	<u>31.5</u>	<u>28.9</u>	<u>29.4</u>	<u>29.4</u>	<u>29.4</u>	<u>27.9</u>	<u>27.7</u>	<u>28.6</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2008	174	\$ 3,337,366	\$ 19,180	-7.62%	21.0	1:12	172.2	164.7	11.89%	95.64%
2009	175	3,282,917	18,760	-2.19%	21.0	1:12	172.3	165.2	0.06%	95.88%
2010	188	3,413,420	18,156	-3.21%	21.0	1:11	190.3	181.6	10.45%	95.43%
2011	171	3,230,009	18,889	4.03%	20.0	1:11	177.7	170.6	-6.62%	96.00%
2012	152	3,311,270	21,785	15.33%	20.0	1:13	166.8	159.9	-6.13%	95.86%
2013	183	3,424,402	18,713	-14.10%	20.0	1:13	178.9	174.2	7.25%	97.37%
2014	178	3,493,318	19,625	4.88%	18.0	1:13	176.0	169.2	-1.62%	96.14%
2015	181	3,354,986	18,536	-5.55%	16.0	1:11	181.2	172.7	2.93%	95.33%
2016	186	3,168,980	17,038	-8.08%	16.0	1:11	183.2	175.9	1.13%	96.02%
2017	158	3,428,697	21,701	27.37%	17.6	1:09	157.9	152.9	-13.83%	96.85%

Sources: District records, ASSA.

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>District Building</u>										
<u>Elementary</u>										
Mannington Township School(19..)										
Square Feet	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment	174	175	188	171	167	183	183	181	179	157

Number of Schools at June 30, 2017
Elementary = 1

Source: District records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions.

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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Mannington Township School	27,318	\$ 65,158	\$ 53,833	\$ 36,083	\$ 39,939	\$ 35,933	\$ 37,135	\$ 37,139	\$ 34,476	\$ 16,116	\$ 5,792
Total School Facilities		65,158	53,833	36,083	39,939	35,933	37,135	37,139	34,476	16,116	5,792
Other Facilities											
Grand Total		\$ 65,158	\$ 53,833	\$ 36,083	\$ 39,939	\$ 35,933	\$ 37,135	\$ 37,139	\$ 34,476	\$ 16,116	\$ 5,792

* Data not available for FY 2001

MANNINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group	Blanket Building & Personal Property	\$ 4,921,036	\$ 1,000
	Commercial General Liability	11,000,000	
	Commercial Inland Marine	268,025	1,000
	Boiler and Machinery	100,000,000	1,000
	Commercial Crime	100,000	1,000
	Legal Liability	5,000,000	5,000
	Pollution Liability	1,000,000	25,000
	Business Automobile	11,000,000	1,000
	Workers' Compensation	2,000,000	
Berkley Insurance Co. / McCloskey Insurance Co.	Compulsory Student Accident	1,000,000	
Markel Insurance Company	Catastrophic Student Accident Coverage		
	Maximum Benefit per Participant	5,000,000	
	Cash Benefit - Maximum Benefit	500,000	25,000
The Ohio Casualty Insurance Company	Surety Bonds		
	Board Secretary/Business Administrator	150,000	

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board of Education of the Mannington Township's basic financial statements and have issued our report thereon dated October 31, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mannington Township Board of Education's internal control over financial reporting 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 Mannington Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mannington Township Board of Education's internal control over financial reporting.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
October 31, 2017

NIGHTLINGER, COLAVITA & VOLPA

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Mannington Township School District's major federal and state programs for the fiscal year ended June 30, 2017. The Mannington Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Mannington Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

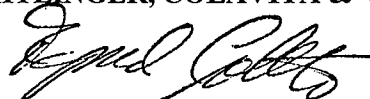
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated October 31, 2017. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey Treasury Circular OMB 15-08.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
October 31, 2017

**TOWNSHIP OF MANNINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Adjust- ment	Balance at June 30, 2017		
					From	To	Accounts Receivable	Unearned Revenue							Due to Grantor		
U.S. Department of Education																	
Passed-through State Department of Education:																	
Special Revenue Fund:																	
Title I, Part A	84.010A	S010A160030	NCLB-2950-17	\$101,876	7/1/16	6/30/17				\$46,488	(\$101,876)		(\$101,876)				(\$55,388)
Title I, Part A	84.010A	S010A150030	NCLB-2950-16	64,236	7/1/15	6/30/16	(\$33,648)			33,648							
Title II, Part A	84.367A	S367A160029	NCLB-2950-17	4,945	7/1/16	6/30/17				1,848	(4,945)		(4,945)				(3,097)
IDEA Cluster:																	
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	IDEA-2950-17	54,070	7/1/16	6/30/17				42,319	(54,070)		(54,070)				(11,751)
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA-2950-16	54,505	7/1/15	6/30/16	(13,537)			13,537							
I.D.E.A. Part B, Pre-School	84.173	H173A160114	IDEAPS-2950-17	785	7/1/16	6/30/17					(785)		(785)				(785)
I.D.E.A. Part B, Pre-School	84.173	H173A150114	IDEAPS-2950-16	752	7/1/15	6/30/16	(752)			752							
Rural Education Achievement Prog	84.358A	S358A163425	S358A163425	20,527	7/1/16	9/30/17				12,485	(20,527)		(20,527)				(8,042)
Total Special Revenue Fund							(\$47,937)			\$151,077	(\$182,203)		(\$182,203)				(\$79,063)
U.S. Department of Agriculture																	
Passed-through State Department of Education:																	
Enterprise Fund:																	
Non-Cash Assistance:																	
Food Distribution Program	10.565	Unknown	N/A	4,513	7/1/16	6/30/17				4,513	(4,513)		(4,513)				
Child Nutrition Cluster:																	
Cash Assistance:																	
National School Breakfast Program	10.553	171NJ304N1099	N/A	5,761	7/1/16	6/30/17				5,404	(5,761)		(5,761)				(357)
National School Breakfast Program	10.553	16161NJ304N1099	N/A	8,008	7/1/15	6/30/16	(435)			435							
National School Lunch Program	10.555	171NJ304N1099	N/A	20,056	7/1/16	6/30/17				19,302	(20,056)		(20,056)				(754)
National School Lunch Program	10.555	16161NJ304N1099	N/A	27,875	7/1/15	6/30/16	(1,572)			1,572							
Total Enterprise Fund							(\$2,007)			\$31,226	(\$30,330)		(\$30,330)				(\$1,111)
Total Federal Financial Awards							(\$49,944)			\$182,303	(\$212,533)		(\$212,533)				(\$80,174)

(A) There were no awards passed through to subrecipients.

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

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

TOWNSHIP OF MANNINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016 Accounts Receivable	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balances at June 30, 2017			MEMO	
			From	To					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Equalization Aid	17-495-034-5120-078	\$ 33,846	7/1/16	6/30/17			30,462	(\$33,846)	(\$3,384)		*	(\$3,384)	\$ 33,846
Equalization Aid	16-495-034-5120-078	33,846	7/1/15	6/30/16	(\$3,403)		3,403						
Transportation Aid	17-495-034-5120-014	117,432	7/1/16	6/30/17			105,693	(117,432)	(11,739)		*	(11,739)	117,432
Transportation Aid	16-495-034-5120-014	117,432	7/1/15	6/30/16	(11,806.00)		11,806						
Special Education Categorical Aid	17-495-034-5120-089	101,080	7/1/16	6/30/17			90,976	(101,080)	(10,104)		*	(10,104)	101,080
Special Education Categorical Aid	16-495-034-5120-089	101,080	7/1/15	6/30/16	(10,162)		10,162						
Security Aid	17-495-034-5120-084	29,905	7/1/16	6/30/17			26,916	(29,905)	(2,989)		*	(2,989)	29,905
Security Aid	16-495-034-5120-084	29,905	7/1/15	6/30/16	(3,007)		3,007						
Adjustment Aid	17-495-034-5120-085	274,086	7/1/16	6/30/17			246,688	(274,086)	(27,398)		*	(27,398)	274,086
Adjustment Aid	16-495-034-5120-085	274,086	7/1/15	6/30/16	(27,555)		27,555						
PARCC Readiness Aid	17-495-034-5120-098	1,570	7/1/16	6/30/17			1,413	(1,570)	(157)		*	(157)	1,570
PARCC Readiness Aid	16-495-034-5120-098	1,570	7/1/15	6/30/16	(158)		158						
Per Pupil Growth Aid	17-495-034-5120-097	1,570	7/1/16	6/30/17			1,413	(1,570)	(157)		*	(157)	1,570
Per Pupil Growth Aid	16-495-034-5120-097	1,570	7/1/15	6/30/16	(158)		158						
Prof Learning Comm Aid	17-495-034-5120-101	1,670	7/1/16	6/30/17			1,503	(1,670)	(167)		*	(167)	1,670
Non-public Transportation	17-495-034-5120-014	522	7/1/16	6/30/17				(522)	(522)		*	(522)	522
Non-public Transportation	16-495-034-5120-014	348	7/1/15	6/30/16	(348)		348						
Reimbursed TPAF SS Contribution	17-495-034-5094-003	84,693	7/1/16	6/30/17			80,546	(84,693)	(4,147)		*		84,693
Total General Fund					(56,597)		642,207	(646,374)	(60,764)			(56,617)	646,374
Special Revenue Fund:													
Preschool Education Aid	17-495-034-5120-086	48,819	7/1/16	6/30/17			43,938	(48,819)	(4,881)		*	(4,881)	48,819
Preschool Education Aid	16-495-034-5120-086	56,001	7/1/15	6/30/16	(5,600)		5,600						
Total Special Revenue Fund					(5,600)		49,538	(48,819)	(4,881)			(4,881)	48,819
Debt Service Fund:													
Debt Service Aid Type II	17-495-034-5120-017	58,477	7/1/16	6/30/17			58,477	(58,477)			*		58,477
State Department of Agriculture													
Enterprise Fund:													
State School Lunch Program	17-100-010-3350-023	556	7/1/16	6/30/17			534	(556)	(22)		*		556
State School Lunch Program	16-100-010-3350-023	699	7/1/15	6/30/16	(39)		39						
Total Enterprise Fund					(39)		573	(556)	(22)				556
Total State Financial Assistance Subject to OMB 15-08					(\$62,236)		\$750,795	(\$754,226)	(\$65,667)			(\$61,498)	\$754,226
State Financial Assistance Not Subject to OMB 15-08:													
On-Behalf TPAF Post Retirement Medical	17-495-034-5094-001	100,423	7/1/16	6/30/17			\$100,423	(\$100,423)					
On-Behalf TPAF Long-Term Disability	17-495-034-5094-004	171	7/1/16	6/30/17			171	(\$171)					
On-Behalf TPAF Pension Contribution	17-495-034-5094-002	120,524	7/1/16	6/30/17			120,524	(120,524)					
Total State Financial Assistance							\$971,913	(\$975,344)					

See accompanying notes to schedules of financial assistance

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey Treasury Circular OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$154 for the general fund and \$719 for the special revenue fund. See Note 2 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017
(Continued)

	Federal		State		Total
General Fund	\$		\$ 867,646	\$	867,646
Special Revenue Fund		182,203	49,538		231,741
Debt Service			58,477		58,477
Food Service Fund		30,330	556		30,886
 Total Financial Assistance	 \$	 <u>212,533</u>	 \$ <u>976,217</u>	 \$	 <u>1,188,750</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Mannington School District had no federal or state loan balances outstanding at June 30, 2017.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

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

NOTE 8: MAJOR PROGRAMS

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Federal Awards N/A

Internal control over major programs:

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

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

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

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
----------------	----------------	------------------------------------

N/A

Dollar threshold used to distinguish between type A and type B programs: N/A

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Special Education Categorical Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-085	Adjustment Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-098	PARCC Readiness
17-495-034-5120-014	Transportation Aid
17-495-034-5120-101	Professional Learning Community Aid

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

Section II - Financial Statement Findings

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

Finding: No matters were reported.

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

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

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

FEDERAL AWARDS - N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS - N/A

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.