

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

Columbus, New Jersey  
County of Burlington

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**COLUMBUS, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by**

**MANSFIELD TOWNSHIP SCHOOL DISTRICT BUSINESS OFFICE**



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**INTRODUCTORY SECTION**

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## Mansfield Township School District

[www.mansfieldschool.com](http://www.mansfieldschool.com)

200 Mansfield Road East  
Columbus, New Jersey 08022  
Phone: 609-298-2037

April 11, 2018

Honorable President  
and Members of the Board of Education  
Mansfield Township School District  
County of Burlington  
Columbus, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Mansfield 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 Mansfield Township School District. 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, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

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

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of 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 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

**REPORTING ENTITY AND ITS SERVICES**

The Mansfield Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels K through 6. These include regular instruction as well as special education for children with special needs. The School District’s enrollment, as of October 15<sup>th</sup>, for the current and past nine fiscal years are detailed below:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	611	-7.42%
2015-2016	660	-10.93%
2014-2015	741	3.78%
2013-2014	714	-4.67%
2012-2013	749	4.17%
2011-2012	719	3.16%
2010-2011	697	1.75%
2009-2010	685	-0.29%
2008-2009	687	1.78%
2007-2008	675	2.74%

**ECONOMIC CONDITION AND OUTLOOK**

For the 2016-2017 school year, the Mansfield Township School District prioritized its budgetary resources toward maintaining superior educational programming, providing cutting-edge instructional technology, and ensuring students and staff have access to materials and ancillary resources that support high quality instruction. A goal of the Board of Education was to continue lessening the burden of expenses created by material needs and routine school supplies; by taking a conservative approach to these needs and working with suppliers through competitive pricing, this goal was achieved.

**MAJOR INITIATIVES**

Professional development for certificated staff continues to be a focus. Highlights regarding PD include the continued work with toward the implementation of the New Jersey Student Learning Standards for Science, in-district literacy and mathematics coaching, shared training opportunities with our regional



## **MAJOR INITIATIVES (continued)**

cohort of districts, weekly Professional Learning Community meetings focusing on a variety of topics (including assessment analysis, project-based learning, and teacher-Jed themes), and participation in the annual Northern Burlington Regional "Techshare" event.

## **INTERNAL ACCOUNTING CONTROLS**

Management of the School 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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general 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 delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

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

## **BUDGETARY CONTROLS**

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the 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 included as re-appropriations of fund balance in the subsequent year.

## **ACCOUNTING SYSTEM AND REPORTS**

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

## **FINANCIAL POLICIES**

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues,

are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

**OTHER INFORMATION**

*INDEPENDENT AUDIT*

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

**ACKNOWLEDGEMENTS**

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

Respectfully submitted,



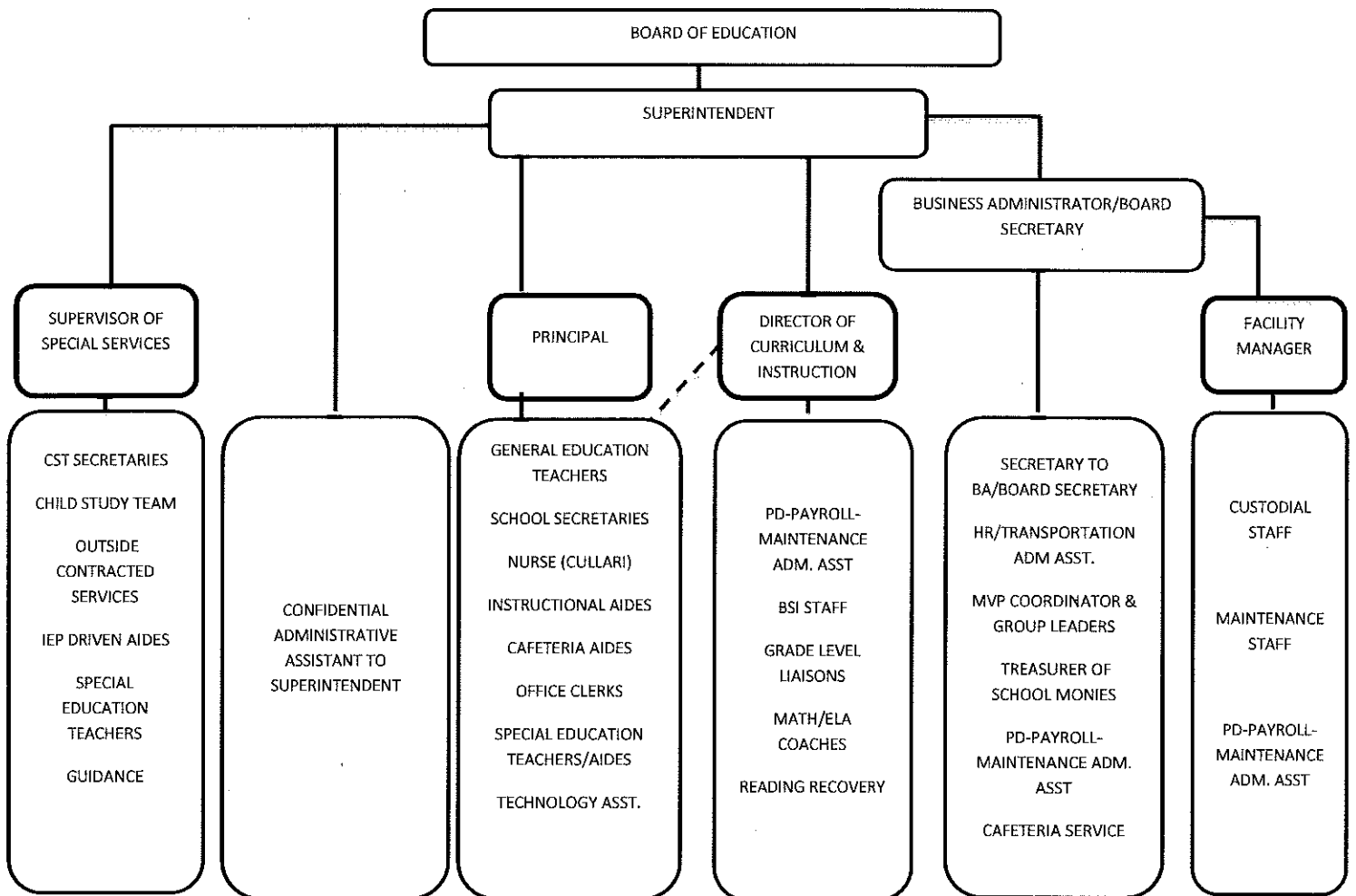
Tiffany Moutis,  
Superintendent



Bruce M. Benedetti,  
Interim School Business Administrator/Board Secretary

**MANSFIELD TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL CHART**

Revised: May 2017



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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
COLUMBUS, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Jared Fantasia, President	2019
Scott Shumway, Vice President	2018
Frank Armenante	2020
Abbey True Harris	2019
John Lissaris	2018
Stacey Nicosia	2020
Alison Perrone	2018
Ramy Reddy	2020
Maureen Villegas	2019

**OTHER OFFICIALS**

Tiffany Moutis, Superintendent

Bruce M. Benedetti, Interim Business Administrator/Board Secretary

Bonnie Grouser, Treasurer of School Monies

Andrew W. Li, Esq., Solicitor

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Kevin P. Frenia  
Holman Frenia Allison, P. C.  
618 Stokes Road  
Medford, NJ 08055

**ATTORNEY**

Parker McCay  
9000 Midlantic Drive, Suite 300  
Mt Laurel, NJ 08054

**OFFICIAL DEPOSITORY**

1st Constitution Bank  
2650 Route 130  
Cranbury, New Jersey 08512

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Mansfield Township School District  
County of Burlington  
Columbus, 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 Mansfield Township School District, County of Burlington, 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 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; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mansfield Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules 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 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 accompanying combining statements and related major fund supporting statements and schedules and schedules 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 section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2018 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
April 11, 2018

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

As management of the Mansfield Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

**Fund Financial Statements**

*Fund financial statements* are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

*Governmental funds* account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Overview of the Basic Financial Statements (continued)**

**Fund Financial Statements (continued)**

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District’s enterprise funds (Food Service Fund, MVP Fund, and Kindergarten Connection) are listed individually and are considered to be major funds.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District’s programs.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Financial Analysis of the School District as a Whole**

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

**Table 1**  
**Summary of Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 2,241,362	\$ 2,627,916	\$ (386,554)	-14.7%
Capital Assets, Net	10,172,554	10,522,458	(349,904)	-3.3%
Total Assets	<u>12,413,916</u>	<u>13,150,374</u>	<u>(736,458)</u>	-5.6%
Deferred Outflow of Resources	<u>1,387,058</u>	<u>605,333</u>	<u>781,725</u>	129.1%

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>
Current and other Liabilities	216,333	1,164,261	(947,928)
Noncurrent Liabilities	11,283,416	10,173,872	1,109,544
Total Liabilities	<u>11,499,749</u>	<u>11,338,133</u>	<u>161,616</u>
Deferred Inflow of Resources	<u>264,774</u>	<u>323,604</u>	<u>(58,830)</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	3,109,848	5,383,159	(2,273,311)
Restricted	1,784,439	1,779,920	4,519
Unrestricted (Deficit)	<u>(2,857,836)</u>	<u>(5,069,109)</u>	<u>2,211,273</u>
Total Net Position	<u>\$ 2,036,451</u>	<u>\$ 2,093,970</u>	<u>\$ (57,519)</u>

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

**Table 2**  
**Summary of Changes in Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for Services	\$ 410,177	\$ 510,620	\$ (100,443)	-19.7%
Operating Grants & Contributions	195,388	521,923	(326,535)	-62.6%
<b>General Revenues:</b>				
Property Taxes	10,924,839	10,662,736	262,103	2.5%
Federal & State Aid	1,981,311	1,455,686	525,625	36.1%
Other General Revenues	<u>257,678</u>	<u>130,018</u>	<u>127,660</u>	<u>98.2%</u>
Total Revenues	<u>13,769,393</u>	<u>13,280,983</u>	<u>488,410</u>	<u>3.7%</u>
<b>Function/Program Expenditures:</b>				
Regular Instruction	3,269,324	4,031,972	(762,648)	-18.9%
Special Education Instruction	1,077,447	1,458,528	(381,081)	-26.1%
Other Instruction	293,526	449,569	(156,043)	-34.7%
Tuition	188,212	433,877	(245,665)	-56.6%
Student & Instruction Related Services	1,634,529	1,788,295	(153,766)	-8.6%
General Administrative	381,555	921,465	(539,910)	-58.6%
School Administrative Services	348,253	459,213	(110,960)	-24.2%
Central Services	294,360	-	294,360	100.0%
Plant Operations & Maintenance	1,037,699	1,215,358	(177,659)	-14.6%
Pupil Transportation	613,084	644,612	(31,528)	-4.9%
Unallocated Benefits	2,096,443	-	2,096,443	100.0%

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Table 2**  
**Summary of Changes in Net Position (continued)**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Function/Program Expenditures (continued):</b>				
On Behalf TPAF Pension and Social				
Security Contributions	1,223,916	-	1,223,916	100.0%
Transfer to Charter Schools	54	-	54	100.0%
Interest & Other Charges	427,390	330,641	96,749	29.3%
Unallocated Depreciation	363,394	324,273	39,121	12.1%
Proprietary Funds	577,726	541,610	36,116	6.7%
Total Expenditures	<u>13,826,912</u>	<u>12,599,413</u>	<u>1,227,499</u>	<u>9.7%</u>
Change In Net Position	(57,519)	681,570	(739,089)	-108.4%
Net Position - Beginning	2,093,970	1,412,400	681,570	48.3%
Net Position - Ending	<u>\$ 2,036,451</u>	<u>\$ 2,093,970</u>	<u>\$ (57,519)</u>	<u>-2.7%</u>

**Governmental Activities**

During the fiscal year 2017, the net position of governmental activities increased by \$225,850 or 12.40%. The primary reason for the increase was the transfer of funds from the Kindergarten Connection Fund which closed that fund.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$2,047,849, with an unrestricted deficit balance of \$9,348,034. The deficit in unrestricted net position is primarily due to accounting treatment for bonds payable, compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

**Table 3**  
**GASB 68 Effect on Unrestricted Net Position**

Unrestricted Net Position (With GASB 68)	\$ (2,846,438)
Add back: PERS Pension Liability	3,996,010
Less: Deferred Outflows related to pensions	(1,332,418)
Add back: Deferred Inflows related to pensions	<u>264,774</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ 81,928</u>



**MANSFIELD TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Business-type Activities**

During the fiscal year 2017, the net position of business-type activities decreased by \$283,369 or 104.19%.

The assets and deferred outflows of the business-type activities fell short of liabilities and deferred inflows by \$11,398.

**General Fund Budgeting Highlights**

Final budgeted revenues was \$10,587,473, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$82,010.

Final budgeted appropriations was \$11,350,643, which was an increase of \$17,429 from the original budget. The increase is due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted expenditures, the School District's budget appropriations exceeded actual expenditures by \$551,614.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$2,156,959 at June 30, 2017, an increase of \$62,403 from the prior year.

**Governmental Funds**

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$2,226,692, an increase of \$173,680 from the prior year.

*General fund* - During the current fiscal year, the fund balance of the School District's general fund increased by \$58,293 or 2.84% to \$2,110,800 at June 30, 2017, compared to an increase of \$459,230 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- The Kindergarten Connection fund was closed and the remaining fund balance was brought in as revenue in the General Fund.

*Special revenue fund* – There was no change in the fund balance for the special revenue fund.

*Capital projects fund* - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$423 or 100% to \$0 at June 30, 2017.

*Debt service fund* - During the current fiscal year, the fund balance of the School District's debt service fund increased by \$115,810 to \$115,892 at June 30, 2017.

- The reason for this increase was due to the issuance of refunding bonds in August of 2016.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Proprietary Funds**

*Food service fund* - During the current fiscal year, the net position of the School District's food service fund decreased by \$209 or .78% to \$26,682 at June 30, 2017, compared to a decrease of \$8,219 in fund balance in the prior fiscal year.

*MVP Program* - During the current fiscal year, the net position of the School District's MVP Program fund decreased by \$121,838 or 145.46% to \$(38,080) at June 30, 2017, compared to a decrease of \$61,468 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the MVP program fund is as follows:

- The District allocated too much of employee salaries against the MVP Program fund due to a lack of understanding of the program's fiscal condition.

*Kindergarten Connection* - During the current fiscal year, the net position of the School District's Kindergarten Connection fund decreased by \$161,322 or 100% to \$0 at June 30, 2017, compared to a decrease of \$1,051 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the Kindergarten Connection fund is as follows:

- The District closed out the Kindergarten Connection fund in 2017.

**Capital Assets**

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$7,421,201 (net of accumulated depreciation). Capital assets includes land, construction in progress, land improvements, buildings and improvements and equipment. The School Districts "Net Investment in Capital Assets" component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net increase in the School District's investment in capital assets for the current fiscal year in the amount of \$4,511,655. This increase is primarily due to the use of bond proceeds to fund the current capital projects in progress. Table 4 shows fiscal 2017 balances compared to 2016.

**Table 4**  
**Summary of Capital Assets**

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 561,110	\$ 561,110	\$ -	0.0%
Land Improvements	-	3,817	(3,817)	-100.0%
Building and Improvements	9,318,007	9,615,181	(297,174)	-3.1%
Equipment	318,913	342,350	(23,437)	-6.8%
	<u>\$ 10,198,030</u>	<u>\$ 10,522,458</u>	<u>\$ (324,428)</u>	-3.1%

Depreciation expense for the year was \$369,714. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Debt Administration**

**Long-term debt** – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$6,575,000, which represents a decrease of \$1,290,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

**Factors on the School District's Future**

The following factors were considered and incorporated into the preparation of the School District's budget for the 2017-2018 fiscal year:

- The Mansfield Township School District addressed operating deficits in the MVP Program and Food Service Funds. Staffing was reduced and tuition adjusted in the MVP Program while Food Service was privatized for 2017-2018.
- The Mansfield Township School District has committed itself to strong financial controls. The School District spends a lot of time monitoring its budget, scrutinizing spending requests, and has been implementing even stronger internal controls. The School District commits itself to constantly reviewing the ways in which it conducts business, and making improvements whenever possible, in order to meet future challenges and maximize instructional spending.

**Contacting the School Districts Financial Management**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Mansfield Township School District Business Office, 200 Mansfield Road East, Columbus, New Jersey, 08022, telephone number: (609) 298-2037.

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**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS <u>JUNE 30,</u> 2017
Cash & Cash Equivalents	\$ 1,438,616	\$ 179,576	\$ 1,618,192
Receivables, Net (Note 4)	351,050	1,636	352,686
Internal Balances	219,602	(219,602)	-
Inventory	-	1,516	1,516
Restricted Cash & Cash Equivalents	243,492	-	243,492
Capital Assets, Net (Note 5)			
Non-Depreciable	561,110	-	561,110
Depreciable, Net	9,611,444	25,476	9,636,920
<b>Total Assets</b>	<b>12,425,314</b>	<b>(11,398)</b>	<b>12,413,916</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges on Refunding of Debt	54,640	-	54,640
Deferred Outflows Related to Pensions (Note 8)	1,332,418	-	1,332,418
<b>Total Deferred Outflows of Resources</b>	<b>1,387,058</b>	<b>-</b>	<b>1,387,058</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>13,812,372</b>	<b>(11,398)</b>	<b>13,800,974</b>
<b>LIABILITIES</b>			
Due to Other Governments	137,985	-	137,985
Accrued Interest	78,348	-	78,348
Noncurrent Liabilities (Note 7):			
Due within one year	913,456	-	913,456
Due in more than one year	10,369,960	-	10,369,960
<b>Total Liabilities</b>	<b>11,499,749</b>	<b>-</b>	<b>11,499,749</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pension (Note 8)	264,774	-	264,774
<b>Total Deferred Inflows of Resources</b>	<b>264,774</b>	<b>-</b>	<b>264,774</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>11,764,523</b>	<b>-</b>	<b>11,764,523</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,109,848	-	3,109,848
Restricted For:			
Capital Projects	77,319	-	77,319
Debt Service	115,892	-	115,892
Maintenance Reserve	116,173	-	116,173
Emergency Reserve	50,000	-	50,000
Excess Surplus	1,425,055	-	1,425,055
Unrestricted (Deficit)	(2,846,438)	(11,398)	(2,857,836)
<b>Total Net Position</b>	<b>\$ 2,047,849</b>	<b>\$ (11,398)</b>	<b>\$ 2,036,451</b>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

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

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGED IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Governmental Activities:						
Instruction:						
Regular	\$ 3,269,324	\$ -	\$ 126,502	\$ (3,142,822)	\$ -	\$ (3,142,822)
Special Education	1,077,447	-	-	(1,077,447)	-	(1,077,447)
Other Instruction	293,526	-	-	(293,526)	-	(293,526)
Support Services:						
Tuition	188,212	-	-	(188,212)	-	(188,212)
Student & Instruction Related Services	1,634,529	-	25,594	(1,608,935)	-	(1,608,935)
General Administrative Services	381,555	-	-	(381,555)	-	(381,555)
School Administrative Services	348,253	-	-	(348,253)	-	(348,253)
Central Services	294,360	-	-	(294,360)	-	(294,360)
Plant Operations and Maintenance	1,037,699	-	-	(1,037,699)	-	(1,037,699)
Pupil Transportation	613,084	-	-	(613,084)	-	(613,084)
Unallocated Employee Benefits	2,096,443	-	119,863	(1,976,580)	-	(1,976,580)
On-Behalf TPAF Pension and Social Security Contributions	1,223,916	-	1,223,916	-	-	-
Transfer to Charter Schools	54	-	-	(54)	-	(54)
Interest & Other Changes in Long-Term Debt	427,390	-	-	(427,390)	-	(427,390)
Unallocated Depreciation	363,394	-	-	(363,394)	-	(363,394)
Total Governmental Activities	13,249,186	-	1,495,875	(11,753,311)	-	(11,753,311)
Business-Type Activities:						
MVP Program	388,101	266,212	-	-	(121,889)	(121,889)
Kindergarten Connection	2,131	-	-	-	(2,131)	(2,131)
Food Service	187,494	143,965	43,292	-	(237)	(237)
Total Business-Type Activities	577,726	410,177	43,292	-	(124,257)	(124,257)
Total Primary Government	\$ 13,826,912	\$ 410,177	\$ 1,539,167	(11,753,311)	(124,257)	(11,877,568)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				10,924,839	-	10,924,839
Federal & State Aid Unrestricted				637,532	-	637,532
Investment Earnings				350	439	789
Tuition				119,319	-	119,319
Miscellaneous Income				137,570	-	137,570
Adjustment to Cash Balances				-	-	-
Operating Transfers				159,551	(159,551)	-
Total General Revenues, Special Items, Extraordinary Items & Transfers				11,979,161	(159,112)	11,820,049
Change In Net Position				225,850	(283,369)	(57,519)
Net Position - Beginning				1,821,999	271,971	2,093,970
Net Position - Ending				\$ 2,047,849	\$ (11,398)	\$ 2,036,451

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

## B. Fund Financial Statements

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## Governmental Funds

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	<u>TOTALS</u> JUNE 30, 2017
Cash & Cash Equivalents	\$ 1,442,898	\$ -	\$ 82,235	\$ 33,657	\$ 1,558,790
Receivables, Net:					
Interfund Receivable	296,682	8,144	-	82,235	387,061
Due from Other Governments:					
Federal	-	138,098	-	-	138,098
State	127,728	-	-	-	127,728
Restricted Cash & Cash Equivalents	243,492	-	-	-	243,492
<b>Total Assets</b>	<b><u>\$ 2,110,800</u></b>	<b><u>\$ 146,242</u></b>	<b><u>\$ 82,235</u></b>	<b><u>\$ 115,892</u></b>	<b><u>\$ 2,455,169</u></b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
Liabilities:					
Cash Deficit	\$ -	\$ 120,174	\$ -	\$ -	\$ 120,174
Intergovernmental Payable:					
Federal	-	26,068	-	-	26,068
Interfund Payable	-	-	82,235	-	82,235
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>146,242</u></b>	<b><u>82,235</u></b>	<b><u>-</u></b>	<b><u>228,477</u></b>
Fund Balances:					
Restricted for:					
Capital Reserve	77,319	-	-	-	77,319
Maintenance Reserve	116,173	-	-	-	116,173
Emergency Reserve	50,000	-	-	-	50,000
Excess Surplus - Current Year	502,116	-	-	-	502,116
Excess Surplus - Prior Year - Designated for Subsequent Year Expenditures	922,939	-	-	-	922,939
Debt Service	-	-	-	115,892	115,892
Assigned to:					
Designated for Subsequent Year's Expenditures	82,570	-	-	-	82,570
Other Purposes	43,863	-	-	-	43,863
Unassigned	315,820	-	-	-	315,820
<b>Total Fund Balances</b>	<b><u>2,110,800</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>115,892</u></b>	<b><u>2,226,692</u></b>
<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 2,110,800</u></b>	<b><u>\$ 146,242</u></b>	<b><u>\$ 82,235</u></b>	<b><u>\$ 115,892</u></b>	
Amounts reported for <i>governmental activities</i> in the statement of Net Position (A-2) 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 \$17,055,416 and the accumulated depreciation is \$6,882,862.					10,172,554
Deferred outflows and inflows of resources related to pensions and deferred charges and/or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.					1,122,284
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.					(111,917)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.					(78,348)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.					(11,283,416)
<b>Net position of Governmental Activities</b>					<b><u>\$ 2,047,849</u></b>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS JUNE 30, 2017
Revenues:					
Local Sources:					
Local Tax Levy	\$ 9,796,937	\$ -	\$ -	\$ 1,127,902	\$ 10,924,839
Tuition	119,319	-	-	-	119,319
Interest Earned	186	-	164	-	350
Other Local Revenues/Miscellaneous	137,570	-	-	-	137,570
<b>Total Local Sources</b>	<b>10,054,012</b>	<b>-</b>	<b>164</b>	<b>1,127,902</b>	<b>11,182,078</b>
State Sources	1,947,256	-	-	31,988	1,979,244
Federal Sources	2,067	152,096	-	-	154,163
<b>Total Revenues</b>	<b>12,003,335</b>	<b>152,096</b>	<b>164</b>	<b>1,159,890</b>	<b>13,315,485</b>
Expenditures:					
Current Expense:					
Regular Instruction	3,142,822	126,502	-	-	3,269,324
Special Education Instruction	1,077,447	-	-	-	1,077,447
Other Instruction	293,526	-	-	-	293,526
Support Services & Undistributed Costs:					
Tuition	188,212	-	-	-	188,212
Student & Instruction Related Services	1,608,935	25,594	-	-	1,634,529
General Administrative Services	381,555	-	-	-	381,555
School Administrative Services	348,253	-	-	-	348,253
Central Services	294,360	-	-	-	294,360
Plant Operations & Maintenance	1,037,699	-	-	-	1,037,699
Pupil Transportation	613,084	-	-	-	613,084
Unallocated Employee Benefits	1,768,243	-	-	-	1,768,243
On-Behalf TPAF Pension and Social Security Contributions	1,223,916	-	-	-	1,223,916
Capital Outlay	90,125	-	-	-	90,125
Transfer to Charter Schools	54	-	-	-	54
Debt Service:					
Interest & Other Charges	-	-	-	1,275,581	1,275,581
<b>Total Expenditures</b>	<b>12,068,231</b>	<b>152,096</b>	<b>-</b>	<b>1,275,581</b>	<b>13,495,908</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(64,896)	-	164	(115,691)	(180,423)
Other Financing Sources/(Uses):					
Proceeds of Capital Leases	45,286	-	-	-	45,286
Transfers In/(Out)	77,903	-	(587)	82,235	159,551
Proceeds of Refunding Bonds	-	-	-	6,664,266	6,664,266
Payment to Refunding Bond Escrow Agent	-	-	-	(6,515,000)	(6,515,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>123,189</b>	<b>-</b>	<b>(587)</b>	<b>231,501</b>	<b>354,103</b>
Net Change in Fund Balance	58,293	-	(423)	115,810	173,680
Fund Balances July 1	2,052,507	-	423	82	2,053,012
Fund Balances June 30	\$ 2,110,800	\$ -	\$ -	\$ 115,892	\$ 2,226,692

The Accompanying Notes to the Financial Statements are an integral part of this Statement.



**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 173,680

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. When capital outlays and other adjustments exceed depreciation, the difference is an addition in the reconciliation (+); when depreciation and other adjustments exceed capital outlays the difference is a reduction to the reconciliation (-)

Capital Outlays	\$ 45,286	
Depreciation Expense	<u>(363,394)</u>	(318,108)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 861,058

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (225,833)

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Capital Lease Proceeds	(45,286)	
Proceeds of long-term debt - Net	(6,664,266)	
Refunding Escrow Deposits	<u>6,515,000</u>	(194,552)

Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:

Amorization of Prior Cost of Issuance	(72,176)	
Amorization of Premium on Bonds	81,148	
Amortization of Loss on Bond Refunding	<u>(8,813)</u>	159

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+) 31,813

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (102,367)

Change in Net Position of Governmental Activities \$ 225,850

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## Proprietary Funds

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017**

<u>ASSETS</u>	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	FOOD SERVICE	MVP PROGRAM	TOTAL
Current Assets:			
Cash	\$ 10,186	\$ 169,390	\$ 179,576
Accounts Receivable:			
State	86	-	86
Federal	1,550	-	1,550
Interfund	1,820	-	1,820
Inventories	1,516	-	1,516
Total Current Assets	<u>15,158</u>	<u>169,390</u>	<u>184,548</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	192,240	23,581	215,821
Less: Accumulated Depreciation	<u>(180,716)</u>	<u>(9,629)</u>	<u>(190,345)</u>
Total Noncurrent Assets	<u>11,524</u>	<u>13,952</u>	<u>25,476</u>
Total Assets	<u>26,682</u>	<u>183,342</u>	<u>210,024</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Interfunds Payable	<u>-</u>	<u>221,422</u>	<u>221,422</u>
Total Liabilities	<u>-</u>	<u>221,422</u>	<u>221,422</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,524	13,952	25,476
Unrestricted	<u>15,158</u>	<u>(52,032)</u>	<u>(36,874)</u>
Total Net Position	<u>\$ 26,682</u>	<u>\$ (38,080)</u>	<u>\$ (11,398)</u>

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES  
 EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			TOTAL
	FOOD SERVICE	KINDERGARTEN CONNECTION	MVP PROGRAM	
Operating Revenues:				
Local Sources:				
Daily Sales - Reimbursable Programs	\$ 88,137	\$ -	\$ -	\$ 88,137
Daily Sales - Nonreimbursable Programs	55,828	-	-	55,828
Tuition	-	-	266,212	266,212
Total Operating Revenue	<u>143,965</u>	<u>-</u>	<u>266,212</u>	<u>410,177</u>
Operating Expenses:				
Cost of Sales - Reimbursable Programs	56,928	-	-	56,928
Cost of Sales - Nonreimbursable Programs	36,397	-	-	36,397
Salaries and Fringe Benefits	86,683	-	317,211	403,894
Supplies and Materials	443	2,131	66,033	68,607
Miscellaneous Expenses	3,081	-	2,499	5,580
Depreciation	3,962	-	2,358	6,320
Total Operating Expenses	<u>187,494</u>	<u>2,131</u>	<u>388,101</u>	<u>577,726</u>
Operating Income/(Loss)	<u>(43,529)</u>	<u>(2,131)</u>	<u>(121,889)</u>	<u>(167,549)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	1,588	-	-	1,588
Federal Sources:				
National School Lunch Program	26,963	-	-	26,963
Healthy Hunger-Free Kids Acts	2,256	-	-	2,256
Food Distribution Program	12,485	-	-	12,485
Local Sources:				
Interest Earned	28	360	51	439
Total Nonoperating Revenue/(Expenses)	<u>43,320</u>	<u>360</u>	<u>51</u>	<u>43,731</u>
Other Financing Sources/(Uses):				
Operating Transfers In/(Out)	-	(159,551)	-	(159,551)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(159,551)</u>	<u>-</u>	<u>(159,551)</u>
Change in Net Position	(209)	(161,322)	(121,838)	(283,369)
Total Net Position - Beginning	<u>26,891</u>	<u>161,322</u>	<u>83,758</u>	<u>271,971</u>
Total Net Position - Ending	<u>\$ 26,682</u>	<u>\$ -</u>	<u>\$ (38,080)</u>	<u>\$ (11,398)</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	FOOD SERVICE	KINDERGARTEN CONNECTION	MVP PROGRAM	TOTAL
Cash Flows from Operating Activities:				
Receipts from Customers and Other Funds	\$ 148,740	\$ -	\$ 266,212	\$ 414,952
Payments to Employees and for Employees Benefits	(86,683)	-	(173,281)	(259,964)
Payments to Suppliers	(97,943)	(2,131)	(68,532)	(168,606)
Net Cash Provided by (Used For) Operating Activities	<u>(35,886)</u>	<u>(2,131)</u>	<u>24,399</u>	<u>(13,618)</u>
Cash Flows From Noncapital Financing Activities:				
State Sources	1,588	-	-	1,588
Federal Sources	41,631	-	-	41,631
Operating Subsidies and Transfers to Other Funds	-	(194,943)	-	(194,943)
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>43,219</u>	<u>(194,943)</u>	<u>-</u>	<u>(151,724)</u>
Cash Flows from Investing Activities:				
Interest and Dividends	28	360	51	439
Net Cash Provided by (Used For) Investing Activities	<u>28</u>	<u>360</u>	<u>51</u>	<u>439</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	7,361	(196,714)	24,450	(164,903)
Balances - Beginning of Year	<u>2,825</u>	<u>196,714</u>	<u>144,940</u>	<u>344,479</u>
Balances - Ending of Year	<u>\$ 10,186</u>	<u>\$ -</u>	<u>\$ 169,390</u>	<u>\$ 179,576</u>

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

Operating Income (Loss)	\$ (43,529)	\$ (2,131)	\$ (121,889)	\$ (167,549)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Change in Assets & Liabilities:				
Depreciation & Net Amortization	3,962	-	2,358	6,320
(Increase)/Decrease in Accounts Receivable, Net	5,165	-	-	5,165
(Increase)/Decrease in Inventory	132	-	-	132
Increase/(Decrease) in Interfund Payable	(390)	-	143,930	143,540
Increase/(Decrease) in Accounts Payable	(1,226)	-	-	(1,226)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (35,886)</u>	<u>\$ (2,131)</u>	<u>\$ 24,399</u>	<u>\$ (13,618)</u>

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Fiduciary Fund

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITON  
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE <u>UNEMPLOYMENT COMPENSATION INSURANCE</u>	AGENCY FUNDS	<u>TOTALS</u>
Cash & Cash Equivalents	\$ 24,116	\$ 114,641	\$ 138,757
Interfund Receivable	14,021	-	14,021
<b>Total Assets</b>	<b>38,137</b>	<b>114,641</b>	<b>152,778</b>
<b>LIABILITIES</b>			
Payroll Deductions & Withholdings	-	15,000	15,000
Interfund Payable	6,681	92,564	99,245
Due to Student Groups	-	7,077	7,077
<b>Total Liabilities</b>	<b>6,681</b>	<b>114,641</b>	<b>121,322</b>
<b>NET POSITION</b>			
Reserved	31,456	-	31,456
<b>Total Net Position</b>	<b>\$ 31,456</b>	<b>\$ -</b>	<b>\$ 31,456</b>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2017**

	<u>PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION INSURANCE</u>
<b>ADDITIONS</b>	
Local Sources:	
Transfer from General Fund	\$ 25,000
Other Sources:	
Interest on Investments	<u>5</u>
Total Additions	<u>25,005</u>
<b>DEDUCTIONS</b>	
Unemployment Compensation	
Insurance Claims	<u>8,828</u>
Total Deductions	<u>8,828</u>
Change in Net Position	16,177
Net Position - Beginning of the Year	<u>15,279</u>
Net Position - End of the Year	<u><u>\$ 31,456</u></u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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# MANSFIELD TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

### Note 1. Summary of Significant Accounting Policies

#### **Basis of Presentation**

The financial statements of the Mansfield Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

#### **Reporting Entity**

The Mansfield Township School District is a Type II School District located in the County of Burlington, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 6. These include regular instruction as well as special education for handicapped youngsters. The operation of the District includes one elementary school located in Mansfield Township. Students in grades 7 through 12 attend the Northern Burlington County Regional High School District, as a taxpaying resident. The School District has an approximate enrollment at June 30, 2017 of 611 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

#### **Component Units**

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Basis of Accounting, Measurement Focus and Financial Statement Presentation**

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental 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.

**A. Government-Wide Financial Statements**

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

**B. Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related



**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Department of Education the School 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, interest earnings 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.

## MANSFIELD TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

#### C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District reports the following major proprietary funds:

**Food Service Fund** – The food service fund accounts for the financial transactions related to the food service operations of the School District.

**MVP Program Fund** – The MVP program fund accounts for the financial transactions related to the aftercare program of the School District.

#### D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

The School District reports the following fiduciary funds:

**Private Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

**Agency Funds** - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(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:23-2-11.

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 one or more June state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting

# MANSFIELD TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

#### **Encumbrances**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned 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 School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

#### **Cash, Cash Equivalents and Investments**

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

*N.J.S.A.17:9-41* et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

MANSFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

**Tuition Receivable/Payable**

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

**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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the School District is eligible to realize the revenue.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**Deferred Outflows and Deferred Inflows of Resources**

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

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

**Pensions**

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 pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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 fair value.

**Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District’s policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District’s policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is 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.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.



# MANSFIELD TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### Impact of Recently Issued Accounting Principles

##### Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement 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 adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

##### Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*,

## MANSFIELD TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

*as amended.* This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement 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. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 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*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District’s financial statements.

**Note 2. Deposits and Investments**

**Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$2,282,412 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 2,105,945
Uninsured and Uncollateralized	<u>176,467</u>
	<u>\$ 2,282,412</u>

**Investments**

The School District had no investments at June 30, 2017.

**Note 3. Reserve Accounts**

**Capital Reserve**

A capital reserve account was established by the School District 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 School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

MANSFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)

Note 3. Reserve Accounts (continued)

Beginning Balance, July 1, 2016	\$	77,164
Increased by:		
Interest Earnings		<u>155</u>
Ending Balance, June 30, 2017	\$	<u>77,319</u>

**Maintenance Reserve**

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

Beginning Balance, July 1, 2016	\$	16,142
Increased by:		
Interest Earnings		31
Deposits by Budget Appropriation		<u>100,000</u>
Ending Balance, June 30, 2017	\$	<u>116,173</u>

**Emergency Reserve**

The emergency reserve account is used to accumulate funds in accordance with *N.J.S.A. 18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30.

Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

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

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3. Reserve Accounts (continued)**

**Emergency Reserve (continued)**

Beginning Balance, July 1, 2016	\$	-
Increased by:		
Interest Earnings		-
Deposits by Budget Appropriation		50,000
		50,000
Ending Balance, June 30, 2017	\$	50,000

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	Governmental Funds			Proprietary Funds	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ 138,098	\$ 138,098	\$ 1,550	\$ 1,550
State Awards	127,728	-	127,728	86	86
Other	85,224	-	85,224	-	-
Total	\$ 212,952	\$ 138,098	\$ 351,050	\$ 1,636	\$ 1,636

**Note 5. Capital Assets**

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

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 5. Capital Assets (continued)**

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2017</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 561,110	\$ -	\$ -	\$ 561,110
Construction in Progress	-	-	-	-
Total Capital Assets not being depreciated	561,110	-	-	561,110
Capital Assets being depreciated:				
Land Improvements	359,741	-	-	359,741
Buildings and Improvements	14,842,724	-	-	14,842,724
Equipment	1,246,555	45,286	-	1,291,841
Total Capital Assets being depreciated	16,449,020	45,286	-	16,494,306
Less: Accumulated Depreciation:				
Land Improvements	(355,924)	(3,817)	-	(359,741)
Buildings and Improvements	(5,227,543)	(297,174)	-	(5,524,717)
Equipment	(936,001)	(62,403)	-	(998,404)
Total Accumulated Depreciation	(6,519,468)	(363,394)	-	(6,882,862)
Total Capital Assets being depreciated, net	9,929,552	(318,108)	-	9,611,444
Total Governmental Activities Capital Assets, net	\$ 10,490,662	\$ (318,108)	\$ -	\$ 10,172,554
	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2017</u>
<b>Business-Type Activities:</b>				
Equipment	\$ 215,821	\$ -	\$ -	\$ 215,821
	215,821	-	-	215,821
Less: Accumulated Depreciation:				
Equipment	(184,025)	(6,320)	-	(190,345)
	(184,025)	(6,320)	-	(190,345)
Total Business-Type Activities Capital Assets, net	\$ 31,796	\$ (6,320)	\$ -	\$ 25,476

Depreciation expense was not allocated among the various functions/programs of the School District.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 296,682	\$ -
Special Revenue Fund	8,144	-
Capital Projects Fund	-	82,235
Debt Service Fund	82,235	-
Food Service Fund	1,820	-
MVP Fund	-	221,422
Payroll Fund		92,564
Student Activity Fund		
Unemployment Fund	<u>14,021</u>	<u>6,681</u>
	<u>\$ 402,902</u>	<u>\$ 402,902</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 159,551	\$ 238,176
Capital Projects Fund	-	587
Debt Service Fund	82,235	-
Food Service Fund	32,283	-
Kindergarten Connection	-	159,551
Payroll Fund	99,245	-
Unemployment Fund	<u>25,000</u>	<u>-</u>
	<u>\$ 398,314</u>	<u>\$ 398,314</u>

The purposes of the interfund transfers were for the liquidation of prior year balances.

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term Obligations (continued)**

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
School Bonds	\$ 7,865,000	\$ 6,080,000	\$ 7,370,000	\$ 6,575,000	\$ 905,000
Capital Leases	-	45,286	6,058	39,228	8,456
Unamortized Bond Premiums	-	584,266	81,148.00	503,118	-
Compensated Absences	67,693	102,367	-	170,060	-
Net Pension Liability	3,096,179	899,831	-	3,996,010	-
	<u>\$ 11,028,872</u>	<u>\$ 7,711,750</u>	<u>\$ 7,457,206</u>	<u>\$ 11,283,416</u>	<u>\$ 913,456</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences and net pension liability are liquidated by the general fund.

**Bonds Payable**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On August 10, 2010, the board of Education issued \$1,100,000 of Non-Callable bonds, with varying interest rates from 2.000% to 3.000%, to refund \$300,000 in Temporary Notes dated February 25, 2010 and maturing August 25, 2010, to finance remaining costs of the roof replacement of John Hydock Elementary School and to install solar panels on the new roof.

On December 6, 2006, the School District issued \$9,985,000 in refunding bonds to refund a portion of the 2001 school bonds. These bonds were refunded during the 16-17 fiscal year.

On August 31, 2016, the School District issued \$6,080,000 Refunding Bonds with varying interest rates from 2.00% to 4.00% to refund and redeem all of the School District's outstanding callable School Refunding Bonds, Series 2006, maturing on September 1 in the years 2017 through 2022.

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

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 905,000	\$ 222,631	\$ 1,127,631
2019	970,000	199,200	1,169,200
2020	1,090,000	164,056	1,254,056
2021	1,205,000	119,675	1,324,675
2022	1,155,000	73,100	1,228,100
2023	1,250,000	25,000	1,275,000
	<u>\$ 6,575,000</u>	<u>\$ 803,662</u>	<u>\$ 7,378,662</u>

**Bonds Authorized but not Issued**

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



**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term Obligations (continued)**

**Capital Lease Payable**

The School District is leasing equipment under capital leases. All capital leases are for terms of varying years. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ending <u>June 30,</u>		
2018	\$	10,325
2019		10,325
2020		10,325
2021		10,325
2022		<u>2,581</u>
Total Minimum Lease Payments		43,881
Less: Amount Representing Interest		<u>(4,653)</u>
Present Value of Minimum Lease Payments		<u>\$ 39,228</u>

**Note 8. Pension Plans**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were 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

## MANSFIELD TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 8. Pension Plans (continued)

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. 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 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2017, the School District reported a liability of \$3,996,010 for its proportionate share of the PERS net pension liability. 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 July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.0134922250%, which was a decrease of 0.0003004484% from its proportion measured as of June 30, 2015.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$222,833 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 74,314	\$ -
Changes of Assumptions	827,760	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	152,371	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	166,056	264,774
School District contributions subsequent to measurement date	111,917	
	<b>\$ 1,332,418</b>	<b>\$ 264,774</b>

\$111,917 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending <u>June 30,</u></b>	
2018	\$ 217,969
2019	217,967
2020	261,252
2021	204,473
2022	54,064
	<b>\$ 955,725</b>

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
 Investment Rate of Return	 7.65%

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

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 (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the 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 scales. 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic 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:

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. 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 U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on 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 municipals 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

	<b>At 1% Decrease <u>(2.98%)</u></b>	<b>At Current Discount Rate <u>(3.98%)</u></b>	<b>At 1% Increase <u>(4.98%)</u></b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 4,896,644</u>	<u>\$ 3,996,010</u>	<u>\$ 3,252,459</u>

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.01349%	 0.01379%

**B. Teachers' Pension and Annuity Fund (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were 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

## MANSFIELD TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 8. Pension Plans (continued)

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy for TPAF 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 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$16,241,884. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0426561644%, which was an increase of 0.0018873745% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$2,521,271 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

**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:



MANSFIELD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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, 2012 to June 30, 2015.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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:

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit 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 Market	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 Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on 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 municipals 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

	<b>At 1% Decrease <u>(2.22%)</u></b>	<b>At Current Discount Rate <u>(3.22%)</u></b>	<b>At 1% Increase <u>(4.22%)</u></b>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 40,073,429	\$ 33,556,055	\$ 28,233,778
	\$ 40,073,429	\$ 33,556,055	\$ 28,233,778

**Pension Plan Fiduciary Net Position** - 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 fair value.

**C. Defined Contribution Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees’ Retirement System (PERS) or Teachers’ Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits;
- Employees enrolled in the Police and Firemen’s Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established “maximum compensation” limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

## MANSFIELD TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### **Note 8. Pension Plans (continued)**

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$16,440, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$11,335.

#### **Note 9. State Post-Retirement Medical Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' 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 on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 (APB) 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>

#### **Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial

#### **Note 10. On-Behalf Payments for Fringe Benefits and Salaries (continued)**

statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$483,359, \$402,748 and \$990, respectively.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 11. Risk Management**

The School 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.

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

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 25,000	\$ -	\$ 5	\$ 8,828	\$ 31,456
2015-2016	-	11,566	12	4,854	15,279
2014-2015	34,238	10,825	9	42,633	8,555

**Property and Liability Insurance** – The School 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.

**Joint Insurance Pool** – The School District also participates in the Burlington County Insurance Pool Joint Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds Environmental Impairment Liability School Board Legal Liability Employers Liability	General & Automobile Liability Workers’ Compensation Excess Liability Comprehensive Crime Coverage
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**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 12. Contingencies (continued)**

**Litigation** – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**Economic Dependency** – The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District’s programs and activities.

**Note 13. Deferred Compensation**

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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 administrators are as follows:

Lincoln Investment Planning  
AXA Equitable

**Note 14. Compensated Absences**

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

School District employees are granted varying amount 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 policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$170,060.

**Note 15. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, 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

## MANSFIELD TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### **Note 15. Tax Abatements (continued)**

district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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 N.J.S.A. 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 16. Commitments**

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$73,299.

#### **Note 17. Operating Leases**

The School District has commitments to lease copier machines under operating leases for 5 years.

#### **Note 18. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$502,116.

#### **Note 19. Fund Balances**

**General Fund** – Of the \$2,110,800 General Fund fund balance at June 30, 2017, \$77,319 has been restricted for the Capital Reserve Account; \$116,173 has been restricted for the Maintenance Reserve Account; \$50,000 has been restricted for the Emergency Reserve; \$502,116 has been restricted for current year excess surplus; \$922,939 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$43,863 has been assigned to other purposes; \$82,570 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$315,820 has been unassigned.

**Debt Service Fund** – Of the \$115,892 Debt Service Fund fund balance at June 30, 2017, \$115,892 is restricted for future debt service payments.

#### **Note 20. Deficit in Net Position**

**Unrestricted Net Position** – The School District governmental activities had a deficit in unrestricted net position in the amount of \$2,846,438 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties. The School District business-type activities had a deficit in unrestricted net position in the amount of \$11,398. This is due to the deficit in operations of the MVP Program fund.

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**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 9,796,937	\$ -	\$ 9,796,937	\$ 9,796,937	\$ -
Tuition from Individuals	10-1310	20,581	-	20,581	62,762	42,181
Tuition from Other LEAs Within the State	10-1320	57,832	-	57,832	56,557	(1,275)
Rents and Royalties	10-1910	96,592	-	96,592	72,617	(23,975)
Interest Earned on Capital Reserve Funds	10-1xxx	60	-	60	186	126
Other Local Revenue/Miscellaneous	10-1XXX	-	-	-	64,953	64,953
<b>Total Local Sources</b>		<b>9,972,002</b>	<b>-</b>	<b>9,972,002</b>	<b>10,054,012</b>	<b>82,010</b>
<b>State Sources:</b>						
Categorical Transportation Aid	10-3121	104,486	-	104,486	104,486	-
Categorical Special Education Aid	10-3132	381,179	-	381,179	381,179	-
Equalization Aid	10-3176	59,647	-	59,647	59,647	-
Categorical Security Aid	10-3177	50,397	-	50,397	50,397	-
Adjustment Aid	10-3178	2	-	2	2	-
PARCC Readiness Aid	10-3181	6,830	-	6,830	6,830	-
Per Pupil Growth Aid	10-3182	6,830	-	6,830	6,830	-
Professional Community Learning Aid	10-3183	6,100	-	6,100	6,100	-
Extraordinary Aid	10-3131	-	-	-	106,411	106,411
Nonpublic Transportation Aid	10-3xxx	-	-	-	5,568	5,568
<b>Nonbudgeted:</b>						
<b>On-Behalf TPAF:</b>						
Normal Pension Contributions		-	-	-	483,359	483,359
Post-Retirement Medical Contributions		-	-	-	402,748	402,748
Long-Term Disability Insurance Contributions		-	-	-	990	990
Reimbursed TPAF Social Security Contributions		-	-	-	336,819	336,819
<b>Total State Sources</b>		<b>615,471</b>	<b>-</b>	<b>615,471</b>	<b>1,951,366</b>	<b>1,335,895</b>
<b>Federal Sources:</b>						
ARRA/SEMI Revenue	10-4210	-	-	-	2,067	2,067
<b>Total Federal Sources</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,067</b>	<b>2,067</b>
<b>Total Revenues</b>		<b>10,587,473</b>	<b>-</b>	<b>10,587,473</b>	<b>12,007,445</b>	<b>1,419,972</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Regular Programs - Instruction:</b>						
<b>Salaries of Teachers:</b>						
Preschool	11-105-100-101	25,594	25,752	51,346	35,942	15,404
Kindergarten	11-110-100-101	198,299	46,416	244,715	227,494	17,221
Grades 1 - 5	11-120-100-101	1,889,413	115,324	2,004,737	1,971,918	32,819
Grades 6 - 8	11-130-100-101	276,070	13,305	289,375	284,463	4,912
<b>Home Instruction - Regular Programs:</b>						
Salaries of Teachers	11-150-100-101	2,500	-	2,500	1,925	575
Purchased Professional - Educational Services	11-150-100-320	-	920	920	120	800
<b>Regular Programs - Undistributed Instruction:</b>						
Other Salaries for Instruction	11-190-100-106	180,700	46,764	227,464	226,307	1,157
Purchased Professional - Educational Services	11-190-100-320	5,090	(3,316)	1,774	536	1,238
Purchased Technical Services	11-190-100-340	-	-	-	-	-
Other Purchased Services	11-190-100-500	15,810	6,465	22,275	20,607	1,668
General Supplies	11-190-100-610	427,710	(11,409)	416,301	372,508	43,793
Text Books	11-190-100-640	5,250	-	5,250	-	5,250
Miscellaneous Expenditures	11-190-100-800	2,650	-	2,650	1,002	1,648
<b>Total Regular Programs - Instruction</b>		<b>3,029,086</b>	<b>240,221</b>	<b>3,269,307</b>	<b>3,142,822</b>	<b>126,485</b>
<b>Special Education:</b>						
<b>Learning and/or Language Disabilities:</b>						
Other Salaries for Instruction	11-204-100-106	-	11,188	11,188	11,188	-
<b>Total Learning and/or Language Disabilities</b>		<b>-</b>	<b>11,188</b>	<b>11,188</b>	<b>11,188</b>	<b>-</b>

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Multiple Disabilities:</b>						
Salaries of Teachers	11-212-100-101	206,803	8,771	215,574	215,229	345
Other Salaries for Instruction	11-212-100-106	44,583	(4,307)	40,276	40,276	-
General Supplies	11-212-100-610	1,500	-	1,500	867	633
<b>Total Multiple Disabilities</b>		<b>252,886</b>	<b>4,464</b>	<b>257,350</b>	<b>256,372</b>	<b>978</b>
<b>Resource Room/Resource Center</b>						
Salaries of Teachers	11-213-100-101	649,570	8,931	658,501	657,297	1,204
Other Salaries for Instruction	11-213-100-106	96,579	35,434	132,013	131,445	568
General Supplies	11-213-100-610	5,291	4,779	10,070	6,998	3,072
<b>Total Resource Room/Resource Center</b>		<b>751,440</b>	<b>49,144</b>	<b>800,584</b>	<b>795,740</b>	<b>4,844</b>
<b>Pre-School Disabilities - Full-Time</b>						
Salaries of Teachers	11-216-100-101	13,022	1,125	14,147	14,147	-
<b>Total Pre-School Disabilities - Full-Time</b>		<b>13,022</b>	<b>1,125</b>	<b>14,147</b>	<b>14,147</b>	<b>-</b>
<b>Total Special Education</b>		<b>1,017,348</b>	<b>65,921</b>	<b>1,083,269</b>	<b>1,077,447</b>	<b>5,822</b>
<b>Other Instruction:</b>						
<b>Basic Skills/Remedial</b>						
Salaries of Teachers	11-230-100-101	270,471	7,484	277,955	277,755	200
Other Salaries for Instruction	11-230-100-106	12,176	1,853	14,029	14,029	-
General Supplies	11-230-100-610	3,975	-	3,975	112	3,863
<b>Total Basic Skills/Remedial</b>		<b>286,622</b>	<b>9,337</b>	<b>295,959</b>	<b>291,896</b>	<b>4,063</b>
<b>School Sponsored Cocurricular Activities:</b>						
Salaries	11-401-100-100	4,000	-	4,000	1,570	2,430
Other Purchased Services	11-401-100-500	2,000	-	2,000	-	2,000
General Supplies	11-401-100-610	3,000	-	3,000	-	3,000
<b>Total School Sponsored Cocurricular Activities</b>		<b>9,000</b>	<b>-</b>	<b>9,000</b>	<b>1,570</b>	<b>7,430</b>
<b>School Sponsored Athletics - Instruction:</b>						
Salaries	11-402-100-100	-	2,240	2,240	60	2,180
<b>Total School Sponsored Athletics - Instruction</b>		<b>-</b>	<b>2,240</b>	<b>2,240</b>	<b>60</b>	<b>2,180</b>
<b>Other Instructional Programs - Instruction:</b>						
Salaries	11-403-100-100	-	2,240	2,240	-	2,240
<b>Total Other Instructional Programs - Instruction</b>		<b>-</b>	<b>2,240</b>	<b>2,240</b>	<b>-</b>	<b>2,240</b>
<b>Total Instruction</b>		<b>4,342,056</b>	<b>319,959</b>	<b>4,662,015</b>	<b>4,513,795</b>	<b>148,220</b>
<b>Undistributed Expenditures:</b>						
<b>Instruction:</b>						
Tuition to CSSD & Regional Day Schools	11-000-100-565	298,123	(228,887)	69,236	151,814	(82,578)
Tuition to Private Schools for the Disabled - Within State	11-000-100-566	164,987	(111,198)	53,789	36,398	17,391
<b>Total Instruction</b>		<b>463,110</b>	<b>(340,085)</b>	<b>123,025</b>	<b>188,212</b>	<b>(65,187)</b>
<b>Health Services:</b>						
Salaries	11-000-213-100	140,693	(5,856)	134,837	134,837	-
Purchased Professional & Technical Services	11-000-213-300	6,357	(206)	6,151	3,298	2,853
Other Purchase Services	11-000-213-500	1,000	(464)	536	536	-
Supplies and Materials	11-000-213-600	7,700	(355)	7,345	3,907	3,438
Other Objects	11-000-213-800	-	45	45	45	-
<b>Total Health Services</b>		<b>155,750</b>	<b>(6,836)</b>	<b>148,914</b>	<b>142,623</b>	<b>6,291</b>

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Speech, OT, PT &amp; Related Services:</b>						
Salaries	11-000-216-100	263,603	9,430	273,033	272,781	252
Supplies and Materials	11-000-216-600	7,000	(2,081)	4,919	446	4,473
Supplies and Materials	11-000-216-800	-	2,061	2,061	2,061	-
<b>Total Speech, OT, PT &amp; Related Services</b>		<b>270,603</b>	<b>9,410</b>	<b>280,013</b>	<b>275,288</b>	<b>4,725</b>
<b>Other Support Services - Extra Services:</b>						
Salaries of Other Professional Staff	11-000-217-100	148,681	4,126	152,807	140,408	12,399
<b>Total Other Support Services - Extra Services</b>		<b>148,681</b>	<b>4,126</b>	<b>152,807</b>	<b>140,408</b>	<b>12,399</b>
<b>Guidance:</b>						
Salaries of Other Professional Staff	11-000-218-104	58,000	3,204	61,204	61,110	94
Other Purchased Professional/Technical Services	11-000-218-390	152,744	(1,081)	151,663	115,225	36,438
Supplies and Materials	11-000-218-600	500	1,180	1,680	1,680	-
<b>Total Guidance</b>		<b>211,244</b>	<b>3,303</b>	<b>214,547</b>	<b>178,015</b>	<b>36,532</b>
<b>Child Study Teams:</b>						
Salaries of Other Professional Staff	11-000-219-104	82,000	5,000	87,000	87,000	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	94,383	(39,269)	55,114	55,114	-
Other Salaries	11-000-219-11x	-	1,965	1,965	1,247	718
Purchased Professional and Educational Services	11-000-219-320	313,229	176,121	489,350	489,011	339
Other Purchased Services	11-000-219-500	10,000	(10,000)	-	-	-
Miscellaneous Purchased Services	11-000-219-592	6,700	1,315	8,015	7,679	336
Supplies & Materials	11-000-219-600	16,747	(5,601)	11,146	9,328	1,818
Other Objects	11-000-219-800	11,432	1,985	13,417	13,417	-
<b>Total Child Study Team</b>		<b>534,491</b>	<b>131,516</b>	<b>666,007</b>	<b>662,796</b>	<b>3,211</b>
<b>Educational Media Services/School Library:</b>						
Salaries	11-000-222-100	51,753	12,499	64,252	64,252	-
Supplies and Materials	11-000-222-600	6,376	(975)	5,401	4,065	1,336
Other Objects	11-000-222-800	-	476	476	476	-
<b>Total Educational Media Services/School Library</b>		<b>58,129</b>	<b>12,000</b>	<b>70,129</b>	<b>68,793</b>	<b>1,336</b>
<b>Instructional Staff Training:</b>						
Salaries of Supervisors of Instruction	11-000-223-102	86,000	10,000	96,000	96,000	-
Salaries of Secretarial and Clerical Assistants	11-000-223-105	16,788	-	16,788	11,619	5,169
Purchased Professional - Educational Services	11-000-223-320	44,300	(3,508)	40,792	23,234	17,558
Other Purchased Services	11-000-223-500	600	2,212	2,812	2,812	-
Supplies and Materials	11-000-223-600	-	806	806	795	11
Other Objects	11-000-223-800	6,293	259	6,552	6,552	-
<b>Total Instructional Staff Training</b>		<b>153,981</b>	<b>9,769</b>	<b>163,750</b>	<b>141,012</b>	<b>22,738</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	138,214	72,455	210,669	210,371	298
Legal Services	11-000-230-331	35,000	60,692	95,692	66,255	29,437
Audit Fees	11-000-230-332	19,100	-	19,100	19,100	-
Communications/Telephone	11-000-230-530	54,300	(3,960)	50,340	38,157	12,183
Misc Purchase Svc	11-000-230-590	36,427	(5,381)	31,046	31,046	-
Supplies and Materials	11-000-230-610	2,000	1,438	3,438	3,438	-
Miscellaneous Expenditures	11-000-230-890	6,034	(923)	5,111	5,111	-
BOE Membership Dues & Fees	11-000-230-895	8,800	1,998	10,798	8,077	2,721
<b>Total Support Services General Administration</b>		<b>299,875</b>	<b>126,319</b>	<b>426,194</b>	<b>381,555</b>	<b>44,639</b>

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principal	11-000-240-103	203,378	6,867	210,245	210,245	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	100,702	2,092	102,794	99,706	3,088
Other Purchased Services	11-000-240-500	4,000	1,243	5,243	2,426	2,817
Supplies and Materials	11-000-240-610	22,169	8,712	30,881	29,463	1,418
Other Objects	11-000-240-800	7,288	(450)	6,838	6,413	425
<b>Total Support Services School Administration</b>		<b>337,537</b>	<b>18,464</b>	<b>356,001</b>	<b>348,253</b>	<b>7,748</b>
<b>Support Services Central Services:</b>						
Salaries	11-000-251-100	209,808	38,574	248,382	245,849	2,533
Purchased Technical Services	11-000-251-340	41,481	1,251	42,732	38,296	4,436
Miscellaneous Purchase Services	11-000-251-590	6,900	(1,315)	5,585	1,669	3,916
Supplies and Materials	11-000-251-600	5,200	290	5,490	5,347	143
Miscellaneous Expenditures	11-000-251-890	2,843	735	3,578	3,199	379
<b>Total Support Services Central Services</b>		<b>266,232</b>	<b>39,535</b>	<b>305,767</b>	<b>294,360</b>	<b>11,407</b>
<b>Required Maintenance for School Facilities</b>						
Salaries	11-000-261-100	95,000	3,850	98,850	98,182	668
Unused Vacation Payment to Terminated/Retired Staff	11-000-261-199	15,000	(15,000)	-	-	-
Cleaning, Repair & Maintenance Services	11-000-261-420	151,600	(23,164)	128,436	123,515	4,921
General Supplies	11-000-261-610	45,800	3,592	49,392	37,863	11,529
Other Objects	11-000-261-800	-	3,051	3,051	2,885	166
<b>Total Required Maintenance for School Facilities</b>		<b>307,400</b>	<b>(27,671)</b>	<b>279,729</b>	<b>262,445</b>	<b>17,284</b>
<b>Custodial Services:</b>						
Salaries	11-000-262-100	335,743	14,192	349,935	335,620	14,315
Salaries of Non-Instructional Aides	11-000-262-107	81,355	(4,297)	77,058	73,208	3,850
Purchased Professional and Technical Services	11-000-262-300	6,200	(52)	6,148	4,908	1,240
Cleaning, Repair & Maintenance Services	11-000-262-420	14,200	(113)	14,087	10,603	3,484
Other Purchased Property Services	11-000-262-490	41,450	720	42,170	36,805	5,365
Insurance	11-000-262-520	28,926	(52)	28,874	24,355	4,519
Miscellaneous Purchased Services	11-000-262-590	1,600	1,543	3,143	3,143	-
General Supplies	11-000-262-610	25,700	(2,669)	23,031	15,467	7,564
Energy (Natural Gas)	11-000-262-621	23,500	-	23,500	15,642	7,858
Energy (Electricity)	11-000-262-622	182,000	(32,016)	149,984	142,325	7,659
Other Objects	11-000-262-800	-	3,961	3,961	1,511	2,450
<b>Total Custodial Services</b>		<b>740,674</b>	<b>(18,783)</b>	<b>721,891</b>	<b>663,587</b>	<b>58,304</b>
<b>Care and Upkeep of Grounds:</b>						
Cleaning, Repair, & Maint. Services	11-000-263-800	114,867	(3,200)	111,667	111,667	-
<b>Total Care and Upkeep of Grounds</b>		<b>114,867</b>	<b>(3,200)</b>	<b>111,667</b>	<b>111,667</b>	<b>-</b>
<b>Total Operation &amp; Maintenance of Plant Services</b>		<b>1,162,941</b>	<b>(49,654)</b>	<b>1,113,287</b>	<b>1,037,699</b>	<b>75,588</b>
<b>Student Transportation Services:</b>						
Salaries of Non-instructional Aides	11-000-270-107	4,838	(4,838)	-	-	-
Salaries - (Other than Between Home & School) - Regular	11-000-270-162	-	4,607	4,607	4,607	-
Other Purchased Professional and Technical Services	11-000-270-390	-	2,850	2,850	2,850	-
Aid in Lieu of Payments	11-000-270-503	75,000	(10,433)	64,567	31,205	33,362
Contracted Services -Between Home & School- Vendors	11-000-270-512	5,000	-	5,000	3,476	1,524
Contracted Services -Between Home & School- Joint Agreements	11-000-270-513	493,975	12,509	506,484	504,757	1,727
Contracted Services -Special Education- Vendors	11-000-270-514	12,000	26,550	38,550	35,436	3,114
Contracted Services -Special Education- Joint Agreements	11-000-270-515	75,500	(38,933)	36,567	29,058	7,509
Miscellaneous Purchased Services - Transportation	11-000-270-593	-	1,695	1,695	1,695	-
<b>Total Student Transportation Services</b>		<b>666,313</b>	<b>(5,993)</b>	<b>660,320</b>	<b>613,084</b>	<b>47,236</b>



**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Unallocated Benefits - Employee Benefits						
Group Insurance	11-100-291-210	135,000	-	135,000	126,119	8,881
Social Security Contributions	11-100-291-220	20,000	2,352	22,352	13,687	8,665
Other Retirement Contributions - PERS	11-100-291-241	112,848	7,086	119,934	119,934	-
Unemployment Compensation	11-100-291-250	25,000	-	25,000	25,000	-
Workmen's Compensation	11-100-291-260	42,099	(351)	41,748	40,770	978
Health Benefits	11-100-291-270	1,683,988	(309,648)	1,374,340	1,400,938	(26,598)
Tuition Reimbursement	11-100-291-280	12,000	-	12,000	3,500	8,500
Other Employee Benefits	11-100-291-290	-	28,195	28,195	27,695	500
Unused Sick Pay to Terminated/Retired Staff	11-100-291-297	-	21,200	21,200	10,600	10,600
Total Unallocated Benefits - Employee Benefits		2,030,935	(251,166)	1,779,769	1,768,243	11,526
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	483,359	(483,359)
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	402,748	(402,748)
On-Behalf TPAF Long-Term Disability Insurance Contributions		-	-	-	990	(990)
Reimbursed TPAF Social Security Contributions		-	-	-	336,819	(336,819)
Total Undistributed Expenditures		6,759,822	(299,292)	6,460,530	7,464,257	(1,003,727)
Increase in Maintenance Reserve	10-606	100,000	-	100,000	-	100,000
Increase in Current Expense Emergency Reserve	10-607	50,000	-	50,000	-	50,000
Total Expenditures - Current Expense		11,251,878	20,667	11,272,545	11,978,052	(705,507)
Capital Outlay:						
Interest Deposit to Capital Reserve	10-604	60	-	60	-	60
Equipment:						
Undist. Expense - Required Maintenance of Schl Facilities	12-000-261-730	-	32,339	32,339	-	32,339
Total Equipment		-	32,339	32,339	-	32,339
Facilities Acquisition & Construction Services:						
Assessment for Debt Service on SDA Funding	12-000-400-896	44,839	-	44,839	44,839	-
Total Facilities Acquisition & Construction Services		44,839	-	44,839	44,839	-
Assets Acquired Under Capital Leases (Nonbudgeted)						
Equipment		-	-	-	45,286	(45,286)
Total Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	45,286	(45,286)
Total Capital Outlay		44,839	32,339	77,178	90,125	(12,947)
Transfer to Charter Schools		36,437	(35,577)	860	54	806
Total Expenditures		11,333,214	17,429	11,350,643	12,068,231	(717,588)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(745,741)	(17,429)	(763,170)	(60,786)	702,384
Other Financing Sources/(Uses):						
Capital Leases (Nonbudgeted)		-	-	-	45,286	45,286
Transfers In		-	-	-	159,551	159,551
Transfers Out		-	-	-	(81,648)	(81,648)
Total Other Financing Sources/(Uses)		-	-	-	123,189	123,189
Excess/(Deficiency) of Revenues and Expenditures and Other Financing Sources/(Uses)		(745,741)	(17,429)	(763,170)	62,403	825,573
Fund Balances, July 1		2,094,556	-	2,094,556	2,094,556	-
Fund Balances, June 30		\$ 1,348,815	\$ (17,429)	\$ 1,331,386	\$ 2,156,959	\$ 825,573

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**RECAPITULATION OF BUDGET TRANSFERS**

Prior Year Reserve for Encumbrances	<u>\$ 17,429</u>
Total Budget Transfers	<u><u>\$ 17,429</u></u>

**RECAPITULATION OF FUND BALANCE**

Restricted Fund Balance:	
Capital Reserve	\$ 77,319
Maintenance Reserve	116,173
Emergency Reserve	50,000
Excess Surplus	502,116
Excess Surplus Designated for Subsequent Year's Expenditures	922,939
Assigned Fund Balance:	
Year-end Encumbrances	43,863
Designated for Subsequent Year's Expenditures	82,570
Unassigned Fund Balance	<u>361,979</u>
Subtotal	<u>2,156,959</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payment Not Recognized on GAAP Basis	<u>(46,159)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 2,110,800</u></u>

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	JUNE 30, 2017			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
<b>REVENUES</b>				
Federal Sources	\$ 153,253	\$ 16,111	\$ 169,364	\$ (9,567)
<b>Total Revenues</b>	<b>153,253</b>	<b>16,111</b>	<b>169,364</b>	<b>(9,567)</b>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries	20,698	(11,825)	8,873	4,245
Tuition	132,555	(11,724)	120,831	-
General Supplies	-	5,591	5,591	4,548
<b>Total Instruction</b>	<b>153,253</b>	<b>(17,958)</b>	<b>135,295</b>	<b>8,793</b>
Support Services:				
Salaries	-	1,300	1,300	-
Employee Benefits	-	774	774	774
Purchased Professional/Technical Services	-	11,900	11,900	-
Other Purchased Services	-	9,321	9,321	-
Supplies	-	10,774	10,774	-
<b>Total Support Services</b>	<b>-</b>	<b>34,069</b>	<b>34,069</b>	<b>774</b>
<b>Total Expenditures</b>	<b>153,253</b>	<b>16,111</b>	<b>169,364</b>	<b>9,567</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures &amp; Other Financing Sources/(Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 12,007,445	\$ 159,797
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	-	(7,701)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	42,049	-
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP, which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(46,159)	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 12,003,335</u>	<u>\$ 152,096</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 12,068,231	\$ 159,797
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is 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.	-	(7,701)
	<hr/>	<hr/>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 12,068,231</u>	<u>\$ 152,096</u>

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
 LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0134922250%	0.0137926734%	0.0155165257%	0.0138899585%
School District's proportionate share of the net pension liability	\$ 3,996,010	\$ 3,096,179	\$ 2,905,118	\$ 2,654,647
School District's covered payroll	\$ 930,657	\$ 812,259	N/A	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	429.38%	381.18%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
 LAST FOUR FISCAL YEARS**

	2017	2016	2015	2014
School District's contractually required contribution	\$ 111,917	\$ 119,863	\$ 118,580	\$ 127,916
Contributions in relation to the contractually required contribution	(111,917)	(119,863)	(118,580)	(127,916)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 930,657	\$ 812,259	N/A	N/A
Contributions as a percentage of covered payroll	12.03%	14.76%	N/A	N/A

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

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	33,556,055	25,767,616	22,122,108	21,278,352
	<u>\$ 33,556,055</u>	<u>\$ 25,767,616</u>	<u>\$ 22,122,108</u>	<u>\$ 21,278,352</u>
School District's covered payroll	\$ 4,592,803	\$ 4,279,039	\$ 3,528,985	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.



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

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	TITLE I	TITLE IIA	I.D.E.A. PRESCHOOL	I.D.E.A. BASIC	TOTALS
Revenues:					
Federal Sources	\$ 18,871	\$ 9,321	\$ 10,774	\$ 120,831	\$ 159,797
Total Revenues	<u>\$ 18,871</u>	<u>\$ 9,321</u>	<u>\$ 10,774</u>	<u>\$ 120,831</u>	<u>\$ 159,797</u>
Expenditures:					
Instruction:					
Salaries	\$ 4,628	\$ -	\$ -	\$ -	\$ 4,628
Tuition	-	-	-	120,831	120,831
General Supplies	1,043	-	-	-	1,043
Total Instruction	5,671	-	-	120,831	126,502
Support Services:					
Salaries	1,300	-	-	-	1,300
Purchased Professional - Technical Services	11,900	9,321	-	-	21,221
Supplies	-	-	10,774	-	10,774
Total Support Services	13,200	9,321	10,774	-	33,295
Total Expenditures	<u>\$ 18,871</u>	<u>\$ 9,321</u>	<u>\$ 10,774</u>	<u>\$ 120,831</u>	<u>\$ 159,797</u>

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F. Capital Projects Fund

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## G. Proprietary Funds

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Enterprise Funds

(See Exhibits B-4, B-5, B-6)

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY FUNDS		2017
	UNEMPLOYMENT COMPENSATION INSURANCE		STUDENT ACTIVITY	PAYROLL	
Assets:					
Cash & Cash Equivalents	\$ 24,116	\$	7,077	\$ 107,564	\$ 138,757
Interfund Receivable	14,021		-	-	14,021
Total Assets	38,137		7,077	107,564	152,778
LIABILITIES					
Liabilities:					
Payroll Deductions & Withholdings	-		-	15,000	15,000
Interfund Payable	6,681		-	92,564	99,245
Due to Student Groups	-		7,077	-	7,077
Total Liabilities	6,681		7,077	107,564	121,322
NET POSITION					
Reserved	31,456		-	-	31,456
Total Net Position	\$ 31,456	\$	-	\$ -	\$ 31,456

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2017**

	<u>PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION INSURANCE</u>
Additions:	
Local Sources:	
Transfer from General Fund	\$ <u>25,000</u>
Total Operating Revenues	<u>25,000</u>
Other Sources:	
Interest on Investments	<u>5</u>
Total Additions	<u>25,005</u>
Deductions:	
Unemployment Compensation Insurance Claims	<u>8,828</u>
Change in Net Position	16,177
Net Position, July 1	<u>15,279</u>
Net Position, June 30	<u><u>\$ 31,456</u></u>



**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STUDENT ACTIVITY AGENCY FUND SCHEDULE  
OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
John Hydock Elementary School	\$ 7,416	\$ 3,618	\$ 3,624	\$ 7,410
Mansfield Township Elementary School	748	5,380	6,461	(333)
<b>Total Student Activity</b>	<b>\$ 8,164</b>	<b>\$ 8,998</b>	<b>\$ 10,085</b>	<b>\$ 7,077</b>

**PAYROLL FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DISBURSEMENTS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 84,276	\$ 7,444,839	\$ 7,421,551	\$ 107,564
Interfund Receivable	2,329	-	693	1,636
<b>Total Assets</b>	<b>\$ 86,605</b>	<b>\$ 7,444,839</b>	<b>\$ 7,422,244</b>	<b>\$ 109,200</b>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 72,585	\$ 3,122,768	\$ 3,180,353	\$ 15,000
Interfund Payable	14,020	80,180	-	94,200
Net Payroll	-	4,241,891	4,241,891	-
<b>Total Liabilities</b>	<b>\$ 86,605</b>	<b>\$ 7,444,839</b>	<b>\$ 7,422,244</b>	<b>\$ 109,200</b>

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## I. Long-Term Debt

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	INTEREST RATE	BALANCE JULY 1, 2016	ISSUED	RETIRED	REFUNDED	BALANCE JUNE 30, 2017
Refunding Bonds	10/6/2006	\$ 9,985,000			\$ 7,255,000	\$ -	\$ 740,000	\$ 6,515,000	\$ -
2010 School Bonds	8/19/2010	1,100,000	8/1/2017	2.250%	610,000	-	115,000	-	495,000
			8/1/2018	2.500%					
			8/1/2019	2.625%					
			8/1/2020	3.000%					
2016 Refunding Bonds	9/1/2016	6,080,000	9/1/2017	2.000%	-	6,080,000	-	-	6,080,000
			9/1/2018	3.000%					
			9/1/2019	4.000%					
			9/1/2020	4.000%					
			9/1/2021	4.000%					
			9/1/2022	4.000%					
Total					\$ 7,865,000	\$ 6,080,000	\$ 855,000	\$ 6,515,000	\$ 6,575,000

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ISSUE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEAS PRINCIPAL	INTEREST PAYABLE	INTEREST RATE	BALANCE JULY 1, 2016	ISSUED	RETIRED	BALANCE JUNE 30, 2017
Duplicating Machines	8/16/2016	5 YEARS	\$ 45,286	\$ 6,338	5.300%	\$ -	\$ 45,286	\$ 6,058	\$ 39,228
Copiers									
Total							\$ 45,286	\$ 6,058	\$ 39,228

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,127,902	\$ -	\$ 1,127,902	\$ 1,127,902	\$ -
State Sources:					
Debt Service Aid Type II	31,988	-	31,988	31,988	-
Total Revenues	1,159,890	-	1,159,890	1,159,890	-
Expenditures:					
Regular Debt Service:					
Interest	304,973	-	304,973	303,744	1,229
Redemption of Principal	855,000	-	855,000	855,000	-
Bond Issuance Costs (Nonbudgeted)	-	-	-	116,837	(116,837)
Total Expenditures	1,159,973	-	1,159,973	1,275,581	(115,608)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(83)	-	(83)	(115,691)	(115,608)
Other Financing Sources/(Uses):					
Transfers In	-	-	-	82,235	82,235
Proceeds of Refunding Bonds	-	-	-	6,664,266	6,664,266
Deposit to Refunding Escrow Agent	-	-	-	(6,515,000)	(6,515,000)
Total Other Financing Sources and Uses	-	-	-	231,501	231,501
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures	(83)	-	(83)	115,810	115,893
Fund Balance, July 1	82	-	82	82	-
Fund Balance, June 30	\$ (1)	\$ -	\$ (1)	\$ 115,892	\$ 115,893

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**STATISTICAL SECTION (Unaudited)**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>FISCAL YEAR ENDING JUNE 30,</b>										
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 3,109,848	\$ 5,351,363	\$ 1,494,307	\$ 1,881,342	\$ 1,311,934	\$ 2,493,969	\$ 2,371,849	\$ 2,787,489	\$ 2,398,377	\$ 2,497,657
Restricted	1,784,439	1,779,920	1,306,192	(34,779)	(79,330)	64,726	112,136	(425,259)	140,558	290,885
Unrestricted	(2,846,438)	(5,309,284)	(2,480,808)	1,351,475	964,019	791,909	707,793	640,618	450,578	477,574
<b>Total Governmental Activities:</b>										
Net Position	\$ 2,047,849	\$ 1,821,999	\$ 319,691	\$ 3,198,038	\$ 2,196,623	\$ 3,350,604	\$ 3,191,778	\$ 3,002,848	\$ 2,989,513	\$ 3,266,116
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ -	\$ 31,796	\$ 38,116	\$ 45,701	\$ 43,508	\$ 24,417	\$ 36,530	\$ 48,644	\$ 60,757	\$ 72,870
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(11,398)	240,175	304,593	257,075	225,582	201,412	118,528	77,845	50,383	24,817
<b>Total Business-Type Activities:</b>										
Net Position	\$ (11,398)	\$ 271,971	\$ 342,709	\$ 302,776	\$ 269,090	\$ 225,829	\$ 155,058	\$ 126,489	\$ 111,140	\$ 97,687
<b>Government-Wide</b>										
Net Investment in Capital Assets	\$ 3,109,848	\$ 5,383,159	\$ 1,532,423	\$ 1,927,043	\$ 1,355,442	\$ 2,518,386	\$ 2,408,379	\$ 2,836,133	\$ 2,459,134	\$ 2,570,527
Restricted	1,784,439	1,779,920	1,306,192	(34,779)	(79,330)	64,726	112,136	(425,259)	140,558	290,885
Unrestricted	(2,857,836)	(5,069,109)	(2,176,215)	1,608,550	1,189,601	993,321	826,321	718,463	500,961	502,391
<b>Total District Net Position</b>	<b>\$ 2,036,451</b>	<b>\$ 2,093,970</b>	<b>\$ 662,400</b>	<b>\$ 3,500,814</b>	<b>\$ 2,465,713</b>	<b>\$ 3,576,433</b>	<b>\$ 3,346,836</b>	<b>\$ 3,129,337</b>	<b>\$ 3,100,653</b>	<b>\$ 3,363,803</b>

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 3,269,324	\$ 4,031,972	\$ 4,388,660	\$ 3,154,332	\$ 2,630,389	\$ 2,624,174	\$ 2,270,066	\$ 2,469,365	\$ 2,605,860	\$ 2,338,567
Special	1,077,447	1,458,528	1,356,657	1,191,863	1,266,875	1,399,316	1,244,630	1,540,150	906,902	840,790
Other	293,526	449,569	140,720	297,735	260,427	172,498	85,729	167,232	161,103	200,745
Support Services:										
Tuition	188,212	433,877	538,932	353,698	138,866	96,554	391,487	143,260	435,504	450,527
Student & Instruction Related Services	1,634,529	1,788,295	1,816,154	1,598,286	1,395,704	1,372,567	1,275,131	1,351,695	1,373,938	1,658,701
General & Business Administrative Services	381,555	921,465	660,316	2,321,157	3,019,456	2,722,114	2,682,356	2,806,636	2,587,587	2,620,884
School Administrative Services	348,253	459,213	452,040	326,090	261,746	245,008	249,642	303,563	298,224	287,968
Central Services	294,360	-	-	-	-	-	-	-	-	-
Plant Operations & Maintenance	1,037,699	1,168,069	1,164,624	895,389	657,790	725,536	792,901	833,199	751,251	657,816
Pupil Transportation	613,084	644,612	614,763	564,508	560,285	624,054	628,295	571,886	564,390	603,264
Business & Other Support Services										
Unallocated Benefits	2,096,443	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
On-Behalf TPAF Pension & Soc. Sec. Contributions	1,223,916	-	-	-	-	-	-	-	-	-
Transfer to Charter Schools	54	-	-	-	-	-	-	-	-	-
Capital Outlay	47,289	47,289	67,009	63,136	-	-	-	-	-	-
Interest on Long-Term Debt	427,390	330,641	356,007	381,624	541,852	495,635	503,280	404,135	495,108	484,902
Unallocated Depreciation	363,394	324,273	333,301	333,705	1,960,275	431,818	427,066	387,916	384,006	811,595
<b>Total Governmental Activities Expenses</b>	<b>13,249,186</b>	<b>12,057,803</b>	<b>11,889,183</b>	<b>11,481,523</b>	<b>12,693,665</b>	<b>10,909,274</b>	<b>10,550,583</b>	<b>10,979,037</b>	<b>10,563,873</b>	<b>10,955,759</b>
Business-Type Activities:										
MVP Program	388,101	541,610	513,723	503,155	477,803	469,418	451,728	298,065	198,864	273,776
Kindergarten Connection	2,131	-	-	-	-	-	-	-	-	-
Food Service	187,494	-	-	-	-	-	-	-	-	-

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Business-Type Activities Expense	577,726	541,610	513,723	503,155	477,803	469,418	451,728	298,065	198,864	273,776
Total District Expenses	\$ 13,826,912	\$ 12,599,413	\$ 12,402,906	\$ 11,984,678	\$ 13,171,468	\$ 11,378,692	\$ 11,002,311	\$ 11,277,102	\$ 10,762,737	\$ 11,229,535
Revenues:										
Instruction (tuition)	\$	\$ 85,381	\$ 205,305	\$ 112,623	-	-	-	\$ 249,189	\$ 139,446	\$ 169,409
Operating Grants & Contributions	\$ 1,495,875	477,053	482,282	488,867	184,084	182,281	152,684	306,613	157,745	489,730
Total Governmental Activities Program Revenues	1,495,875	562,434	687,587	601,490	184,084	182,281	152,684	555,802	297,191	659,139
Business-Type Activities:										
Charges for Services:										
Food Service	143,965	425,239	510,685	486,551	464,543	487,579	436,917	269,089	266,434	239,184
MVP Program	266,212									
Operating Grants & Contributions	43,292	44,870	42,232	50,064	56,450	52,604	43,316	44,293	42,287	43,590
Total Business Type Activities Program Revenues	453,469	470,109	552,917	536,615	520,993	540,183	480,233	313,382	308,721	282,774
Total District Program Revenues	\$ 1,949,344	\$ 1,032,543	\$ 1,240,504	\$ 1,138,105	\$ 705,077	\$ 722,464	\$ 632,917	\$ 869,184	\$ 605,912	\$ 941,913

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net/(Expense)/Revenue:										
Governmental Activities	\$ (11,753,311)	\$ (11,495,369)	\$ (11,201,596)	\$ (10,880,033)	\$ (12,509,581)	\$ (10,726,993)	\$ (10,397,899)	\$ (10,423,235)	\$ (10,266,682)	\$ (10,296,620)
Business-Type Activities	(124,257)	(71,501)	39,194	33,460	43,190	70,765	28,505	15,317	109,857	8,998
<b>Total District-Wide Net Expense</b>	<b>\$ (11,877,568)</b>	<b>\$ (11,566,870)</b>	<b>\$ (11,162,402)</b>	<b>\$ (10,846,573)</b>	<b>\$ (12,466,391)</b>	<b>\$ (10,656,228)</b>	<b>\$ (10,369,394)</b>	<b>\$ (10,407,918)</b>	<b>\$ (10,156,825)</b>	<b>\$ (10,287,622)</b>
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
County Appropriations	\$ 10,924,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes levied for general purposes	9,604,841	9,416,511	9,231,874	8,809,680	8,394,731	8,394,731	8,269,344	7,964,795	7,557,909	7,320,239
Taxes levied for debt service	1,057,895	1,037,971	1,036,203	825,461	896,905	790,106	790,106	736,025	696,402	548,283
Unrestricted Grants & Contributions	637,532	1,455,686	1,282,223	1,099,398	1,524,196	1,347,072	1,313,731	1,453,375	1,454,153	1,627,071
Tuition Received	119,319	-	-	-	-	-	-	-	-	-
Investment Earnings	350	2,854	3,021	2,919	-	-	-	-	-	-
Miscellaneous Income	137,570	126,401	59,224	196,141	196,263	247,111	213,651	282,375	281,615	214,196
Other Financing Sources - Transfers, Miscellaneous / Other	159,551	-	-	-	-	-	-	-	-	(908)
<b>Total Governmental Activities</b>	<b>11,979,161</b>	<b>12,247,677</b>	<b>11,798,950</b>	<b>11,566,535</b>	<b>11,355,600</b>	<b>10,885,819</b>	<b>10,586,832</b>	<b>10,436,570</b>	<b>9,990,079</b>	<b>9,708,881</b>
Business-type Activities	(159,112)	763	739	226	45	6	64	32	70	1,149
<b>Total District-Wide</b>	<b>\$ 11,820,049</b>	<b>\$ 12,248,440</b>	<b>\$ 11,799,689</b>	<b>\$ 11,566,761</b>	<b>\$ 11,355,645</b>	<b>\$ 10,885,825</b>	<b>\$ 10,586,896</b>	<b>\$ 10,436,602</b>	<b>\$ 9,990,149</b>	<b>\$ 9,710,030</b>
Change in Net Position:										
Governmental Activities	\$ 225,850	\$ 752,308	\$ 597,354	\$ 686,502	\$ (1,153,981)	\$ 158,826	\$ 188,933	\$ 13,335	\$ (276,603)	\$ (587,739)
Business-Type Activities	(283,369)	(70,738)	39,933	33,686	43,235	70,771	28,569	15,349	109,927	10,147
<b>Total District</b>	<b>\$ (57,519)</b>	<b>\$ 681,570</b>	<b>\$ 637,287</b>	<b>\$ 720,188</b>	<b>\$ (1,110,746)</b>	<b>\$ 229,597</b>	<b>\$ 217,502</b>	<b>\$ 28,684</b>	<b>\$ (166,676)</b>	<b>\$ (577,592)</b>

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
General Fund:										
Restricted for:										
Reserved	\$ 77,319	\$ 1,779,415	\$ 1,305,850	\$ 1,175,778	\$ 576,051	\$ 162,945	\$ 244,924	\$ 165,338	\$ 277,172	\$ 418,571
Capital Reserve	116,173									
Maintenance Reserve	50,000									
Emergency Reserve	502,116									
Excess Surplus	922,939									
Excess Surplus Designated for Subsequent Year's Expenditures	43,863									
Assigned for:	82,570									
Year-end Encumbrances	315,820	273,597	254,096	414,408	402,469	581,559	380,438	277,404	287,427	273,092
Subsequent Year's Budget										
Unassigned										
<b>Total General Fund</b>	<b>\$ 2,110,800</b>	<b>\$ 2,053,012</b>	<b>\$ 1,559,946</b>	<b>\$ 1,590,186</b>	<b>\$ 978,520</b>	<b>\$ 744,504</b>	<b>\$ 625,362</b>	<b>\$ 442,742</b>	<b>\$ 564,599</b>	<b>\$ 691,663</b>
All Other Governmental Funds:										
Restricted, Reported in:										
Special Revenue Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund	-	423	259	-	-	-	118,078	(447,478)	833	193,507
Debt Service Fund	115,892	82	83	82	(36,394)	80,597	960	1,280	10,348	23,189
<b>Total All Other Governmental Funds</b>	<b>\$ 115,892</b>	<b>\$ 505</b>	<b>\$ 342</b>	<b>\$ 82</b>	<b>\$ (36,394)</b>	<b>\$ 80,597</b>	<b>\$ 119,038</b>	<b>\$ (446,198)</b>	<b>\$ 11,181</b>	<b>\$ 216,696</b>

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Tax Levy	\$ 10,924,839	\$ 10,662,736	\$ 10,454,482	\$ 10,268,077	\$ 9,635,141	\$ 9,291,636	\$ 9,059,447	\$ 8,700,820	\$ 8,254,311	\$ 7,868,522
Tuition Charges	119,319	85,381	205,305	112,623	55,088	118,446	28,444	189,270	199,165	66,526
Interest Earnings	350	4,892	3,021	2,919	46	288			10,431	38,319
Miscellaneous	137,570	124,363	59,224	196,141	141,129	128,377	185,207	93,105	72,019	109,380
State Sources	1,979,244	1,765,703	1,588,442	1,427,291	1,583,446	1,347,865	1,313,731	1,445,186	1,454,153	1,965,693
Federal Sources	154,163	167,036	176,063	160,974	124,834	181,488	152,684	314,802	157,745	151,079
<b>Total Revenue</b>	<b>13,315,485</b>	<b>12,810,111</b>	<b>12,486,537</b>	<b>12,168,025</b>	<b>11,539,684</b>	<b>11,068,100</b>	<b>10,739,513</b>	<b>10,743,183</b>	<b>10,147,824</b>	<b>10,199,519</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	3,269,324	2,905,460	3,144,014	2,796,962	2,630,389	2,624,174	2,270,066	2,469,365	2,605,860	2,338,567
Special Education Instruction	1,077,447	1,015,370	931,247	1,048,901	1,266,875	1,399,316	1,244,630	1,540,150	906,902	840,790
Other Instruction	293,526	319,354	96,845	262,058	260,427	172,498	85,729	162,232	161,103	200,745
<b>Support Services:</b>										
Tuition	188,212	433,877	538,932	353,698	212,672	239,662	541,239	239,868	435,504	450,527
Student & Instruction Related Services	1,634,529	1,434,442	1,412,350	1,458,963	1,321,898	1,229,458	1,125,380	1,026,342	1,240,078	1,482,812
General & Business Administration Services	381,555	638,057	526,797	515,554	561,621	502,156	508,383	575,683	489,973	426,144
School Administrative Services	348,253	322,163	313,023	287,970	261,746	245,008	249,642	303,563	298,224	298,968
Central Services	294,360									
Plant Operations & Maintenance	1,037,699	929,510	939,208	824,284	762,799	725,536	792,901	833,199	751,251	657,816
Pupil Transportation	613,084	638,865	610,831	563,617	560,285	624,054	628,295	571,886	564,390	603,264
Other Support Services	1,768,243	2,577,093	2,603,751	2,480,056	2,457,835	2,219,958	2,173,973	2,230,953	2,097,614	2,194,740
On-Behalf TPAF Pension & Soc. Sec. Contribution	1,223,916									
Transfer to Charter Schools	54									
Special Schools										
Capital Outlay	90,125	47,289	109,327	63,136	176,435	101,359	795,447	447,478	24,726	349,880
Debt Service:										
Principal										
Interest & Other Charges	1,275,581	339,238	364,857	640,000	411,708	441,251	420,945	436,365	449,255	460,420
<b>Total Expenditures</b>	<b>13,495,908</b>	<b>12,350,718</b>	<b>12,296,182</b>	<b>11,684,856</b>	<b>11,444,690</b>	<b>11,009,430</b>	<b>11,206,630</b>	<b>11,147,084</b>	<b>10,284,880</b>	<b>10,539,673</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(180,423)</b>	<b>459,393</b>	<b>190,355</b>	<b>483,169</b>	<b>94,994</b>	<b>58,670</b>	<b>(467,117)</b>	<b>(403,901)</b>	<b>(137,056)</b>	<b>(340,154)</b>
<b>Other Financing Sources/(Uses):</b>										
Lease Proceeds	45,286									
Transfers In					81	81,525	522	1,272	12	3,140
Transfers Out	159,551				(81)	(81,525)	(522)	(1,272)	(12)	(4,048)
Bond Proceeds	6,664,266									
Cancellation of Prior Year's Interfund Balances	(6,515,000)						1,100,000			
<b>Total Other Financing Sources/(Uses)</b>	<b>354,103</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(908)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 173,680</b>	<b>\$ 459,393</b>	<b>\$ 190,355</b>	<b>\$ 483,169</b>	<b>\$ 94,994</b>	<b>\$ 58,670</b>	<b>\$ 632,883</b>	<b>\$ (403,901)</b>	<b>\$ (137,056)</b>	<b>\$ (341,062)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>9.52%</b>	<b>8.85%</b>	<b>8.78%</b>	<b>8.86%</b>	<b>8.62%</b>	<b>8.49%</b>	<b>7.60%</b>	<b>6.98%</b>	<b>6.91%</b>	<b>6.82%</b>

Source: District Records  
Note: Noncapital expenditures are total expenditures less capital outlay



**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	PRIOR YEAR REFUNDS	PRIOR YEAR OUTSTANDING CHECKS CANCELLED	ENERGY AUDIT	TUITION	MISCELLANEOUS	TOTAL
2017	\$ 3,966	\$ -	\$ -	\$ -	-	\$ 133,604	\$ 137,570
2016	130,965	-	-	-	-	(6,602)	\$ 124,363
2015	168,889	-	-	-	-	(115,354)	\$ 53,535
2014	150,925	-	-	-	-	31,297	\$ 182,222
2013	66,739	-	-	-	-	41,639	\$ 108,378
2012	66,739	-	-	-	-	61,596	\$ 128,335
2011	-	-	-	-	-	184,685	\$ 184,685
2010	81,896	-	-	-	-	10,770	\$ 92,666
2009	63,749	-	-	-	-	8,258	\$ 72,007
2008	56,572	-	-	-	-	39,689	\$ 96,261

Source: District records

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL DIRECT SCHOOL RATIO b	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2017	11,139,000	848,996,300	34,463,100	4,312,700	80,959,700	4,021,200	1,162,800	985,054,800	1,339,354	986,394,154	104,248,040	2.149	1,203,234,056
2016	12,063,900	845,779,100	34,758,600	4,321,200	81,173,100	4,021,200	1,162,800	983,279,900	1,344,984	984,624,884	102,985,440	2.149	1,199,882,161
2015	12,063,900	845,779,100	34,758,600	4,321,200	81,173,100	4,021,200	1,162,800	983,279,900	1,344,984	881,639,444	102,985,440	2.130	1,199,882,161
2014	15,112,000	812,902,800	34,584,400	4,321,200	80,181,000	4,021,200	1,183,800	952,306,400	1,444,026	851,708,186	102,042,240	2.063	1,132,466,963
2013	16,689,700	805,504,200	35,681,300	4,341,300	80,585,800	4,021,200	1,151,300	947,974,800	2,004,817	850,304,377	99,675,240	2.025	1,194,562,728
2012	26,630,600	1,145,919,600	48,395,700	4,555,700	95,256,100	5,301,200	1,549,700	1,327,608,600	2,218,786	1,209,236,086	120,591,300	1.360	1,261,563,098
2011	31,041,800	1,131,661,700	48,095,900	4,583,000	93,223,200	5,301,200	1,549,700	1,315,456,500	2,453,660	1,191,019,660	118,890,500	1.317	1,346,282,138
2010	37,953,900	1,118,913,700	49,117,800	4,416,400	90,481,100	5,301,200	1,549,700	1,307,733,800	2,323,604	1,191,166,904	118,890,500	1.324	1,364,791,953
2009	40,718,500	1,105,446,900	48,025,500	4,040,600	89,713,300	5,301,200	1,898,100	1,295,144,100	2,235,393	1,184,394,093	112,985,400	1.306	1,297,379,493
2008	45,735,400	1,094,648,400	47,024,100	4,218,900	89,409,800	5,301,200	2,165,400	1,288,503,200	1,257,603	1,178,091,703	111,669,100	1.261	1,290,671,921

Source: Abstract of Rates Burlington County, Burlington County Abstract of Rates

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
- N/A - Not Available

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	TOWNSHIP OF MANSFIELD	BURLINGTON COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
2017	1.124	1.025	2.149	0.471	0.409	0.038	0.049	3.116
2016	1.110	1.039	2.149	0.471	0.410	0.039	0.049	3.118
2015	1.118	1.012	2.130	0.465	0.405	0.038	0.048	3.086
2014	1.098	0.965	2.063	0.441	0.399	0.037	0.018	2.958
2013	1.080	0.945	2.025	0.430	0.415	0.038	0.019	2.927
2012	0.725	0.635	1.360	0.287	0.293	0.029	0.038	2.007
2011	0.702	0.615	1.317	0.238	0.302	0.029	0.039	1.925
2010	0.688	0.636	1.324	0.226	0.317	0.031	0.041	1.939
2009	0.664	0.642	1.306	0.219	0.324	0.031	0.042	1.922
2008	0.637	0.644	1.281	0.182	0.323	0.030	0.041	1.857

Source: Burlington County Board of Taxation

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2017		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
N.A.D.E			
Homestead Plaza, II			
Vanco USA, LLC			
Transcontinental Gas & Pipeline Corp			
MLC Developers, LLC			
Cubesmart, LP			
Generation Builders, Inc.			
Individual Taxpayer 1			
Individual Taxpayer 2			
Individual Taxpayer 3			
Total			

**INFORMATION NOT AVAILABLE**

TAXPAYER	2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Columbus Farmers Market			
Milo Corporation			
Helis Enterprise			
Transcontinental Pipeline			
K&P Ganesh Corporation			
Taxpayer #1			
NJ Land			
Verizon			
Store & Lock Self Storage			
Interstate Storage & Pipeline			
Total			

**INFORMATION NOT AVAILABLE**

**Source:** Municipal Tax Assessor

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
TOTAL PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED DECEMBER 31,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2017	\$ 10,924,839	\$ 10,924,839	100.00%	-
2016	10,662,736	\$ 10,662,736	100.00%	-
2015	10,468,369	\$ 10,468,369	100.00%	-
2014	10,268,077	\$ 10,268,077	100.00%	-
2013	9,635,141	\$ 9,635,141	100.00%	-
2012	9,291,636	\$ 9,291,636	100.00%	-
2011	9,059,447	\$ 9,059,447	100.00%	-
2010	8,700,820	\$ 8,700,820	100.00%	-
2009	8,254,311	\$ 8,254,311	100.00%	-
2008	7,868,522	\$ 7,868,522	100.00%	-

Source: Municipal Financial Statements

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**  
*(Dollars in Thousands, Except per Capita)*

FISCAL DECEMBER 31, ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES				
2017	\$ 6,575,000	\$39,228	\$	6,614,228	N/A	N/A
2016	7,865,000	N/A		7,865,000	N/A	915
2015	9,615,000	N/A		9,615,000	2.03%	1,120
2014	9,320,000	N/A		9,320,000	2.02%	1,086
2013	9,960,000	N/A		9,960,000	2.16%	1,161
2012	10,520,000	N/A		10,520,000	2.37%	1,227
2011	11,005,000	N/A		11,005,000	2.49%	1,281
2010	10,275,000	N/A		10,275,000	2.47%	1,234
2009	10,585,000	N/A		10,585,000	2.58%	1,237
2008	10,845,000	N/A		10,845,000	2.85%	1,356

**Note:** Details regarding the District's outstanding debt can be found in the notes to the financial statements.  
a. See Exhibit J-14 for personal income and population data.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS				
2017	\$ 6,575,000	\$ -		\$ 6,575,000	0.67%	N/A
2016	7,865,000	-		7,865,000	0.80%	915
2015	8,615,000	-		8,615,000	0.98%	1,004
2014	9,320,000	-		9,320,000	1.09%	1,086
2013	9,960,000	-		9,960,000	1.17%	1,161
2012	10,520,000	-		10,520,000	0.87%	1,227
2011	11,005,000	-		11,005,000	0.92%	1,281
2010	10,275,000	-		10,275,000	0.86%	1,234
2009	10,585,000	-		10,585,000	0.89%	1,237
2008	10,845,000	-		10,845,000	0.92%	1,356

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Mansfield	\$ 17,110,060	100.000%	\$ 17,110,060
Burlington County General Obligation Debt	314,942,084	0.879%	2,766,898
Northern Burlington County Regional School District	11,520,000	14.912%	1,717,891
Subtotal, Overlapping Debt			21,594,849
Mansfield Township School District Direct Debt			6,575,000
Total Direct & Overlapping Debt			<u>\$ 28,169,849</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Dollars in Thousands)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 29,092,333	\$ 46,547,733	\$ 45,582,752	\$ 46,133,636	\$ 33,043,401	\$ 33,099,920	\$ 23,602,298	\$ 33,047,207	\$ 25,256,352	\$ 25,256,352
Total Net Debt Applicable to Limit	6,575,000	7,865,000	8,615,000	9,320,000	9,960,000	10,520,000	11,005,000	10,275,000	10,585,000	10,845,000
Legal Debt Margin	\$ 22,517,333	\$ 38,682,733	\$ 36,967,752	\$ 36,813,636	\$ 23,083,401	\$ 22,579,920	\$ 12,597,298	\$ 22,772,207	\$ 14,671,352	\$ 14,411,352
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.60%	16.90%	18.90%	20.20%	30.14%	31.78%	46.63%	31.09%	41.91%	42.94%

**Legal Debt Margin Calculation for Fiscal Year 2017**

	Equalized Valuation Basis
	2016 1,199,882,161
	2015 1,162,793,294
	2014 1,128,404,489
	<u>\$ 3,491,079,944</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,163,693,315</u>
Debt Limit (2.5 % of Average Equalization Value)	\$ 29,092,333
Net Bonded School Debt	<u>6,575,000</u>
Legal Debt Margin	<u>\$ 22,517,333</u>

Source:  
Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation. Limit set by N.J.S.A. 18A:24-19 for K through 12 district; other % limits would be applicable for other districts.



**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2016	8,591	Unavailable	Unavailable	4.3%
2015	8,581	473,902,887	55,227	4.9%
2014	8,597	455,761,358	53,014	5.9%
2013	8,593	439,248,381	51,117	7.2%
2012	8,612	436,964,268	50,739	11.7%
2011	8,593	427,054,914	49,698	11.3%
2010	8,578	411,632,486	47,987	11.6%
2009	8,000	380,552,000	47,569	10.9%
2008	7,958	379,771,676	47,722	6.4%
2007	7,926	363,589,398	45,873	4.7%

**Source:**

- (a) Population information provided by the NJ Department of Labor & Workforce Development
- (b) Personal income calculated using population and per capita personal income
- (c) Per Capita personal income provided by the NJ Department of Labor & Workforce Development
- (d) Unemployment data provided by the NJ Department of Labor & Workforce Development

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

	2017		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Mansfield Township School District	<b>INFORMATION NOT AVAILABLE</b>		
Total	<b>INFORMATION NOT AVAILABLE</b>		

	2008		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Mansfield Township School District	<b>INFORMATION NOT AVAILABLE</b>		

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN YEARS**

FUNCTION/PROGRAM	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	N/A	42.0	42.0	51.0	38.4	42.0	53.0	53.0	53.0	53.0
Special Education	N/A	18.0	18.0	20.0	24.0	16.0	23.0	25.0	25.0	25.0
Other Special Education	N/A	8.0	8.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Other Instruction			-	-	-	-	-	-	-	-
Support Services:										
Student & Instructional Related Services	N/A	24.0	24.0	21.2	21.2	33.0	16.0	16.0	16.0	16.0
School Administration Services	N/A	2.0	2.0	2.5	2.0	4.0	4.0	4.0	4.0	4.0
General & Business Administrative Services	N/A	3.5	3.0	3.5	3.5	3.0	3.0	3.0	3.0	3.0
Plant Operations & Maintenance	N/A	10.0	10.0	14.5	14.5	8.0	10.0	10.0	10.0	10.0
Pupil Transportation	N/A	0.3	0.3	0.5	0.5	0.5	0.5	0.5	1.0	1.0
Business & Other Support Services	N/A	11.0	12.0	7.0	6.0	6.0	6.0	8.3	9.0	9.0
<b>Total</b>	-	118.80	119.30	123.20	113.10	115.50	119.50	123.75	125.00	125.00

Source: District Records

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	ENROLLMENT	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF	TEACHER / PUPIL RATIO	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2017	611	11,978,052	19,604	15.38%	77	1:7	610.7	584.9	-6.19%	95.78%
2016	660	11,214,191	16,991	2.25%	77	8:7:1	651.0	631.0	-1.21%	96.93%
2015	669	11,116,998	16,617	16.25%	77	8:7:1	659.0	637.3	-8.60%	96.71%
2014	741	10,592,063	14,294	8.26%	74	1:10	721.0	695.7	0.85%	96.49%
2013	714	9,427,276	13,203	7.85%	63	1:11	714.9	683.8	-3.78%	95.65%
2012	749	9,169,389	12,242	-1.34%	58	1:13	743.0	715.0	4.65%	96.23%
2011	719	8,922,056	12,409	-4.30%	53	1:14	710.0	682.0	3.21%	96.06%
2010	697	9,037,750	12,967	0.66%	58	1:12	687.9	654.7	0.13%	95.17%
2009	685	8,824,209	12,882	6.28%	56	1:12	687.0	667.8	-0.29%	97.21%
2008	687	8,326,868	12,121	7.42%	56	1:12	689.0	665.8	0.12%	96.63%

Source: District Records

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools:										
John Hydock -										
Square Feet	43,320	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capacity (Students)	432	280	280	280	280	280	280	280	280	280
Enrollment	203	253	253	253	276	307	279	293	262	282
MES -										
Square Feet	43,320	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Capacity (Students)	432	640	640	640	640	640	640	640	640	640
Enrollment	408	405	423	459	435	441	438	472	472	472

Number of Schools at June 30, 2017:  
Elementary = 2

**Source:** District Facilities Office Enrollment Data  
Form M-1 (Building Square Footage)

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	TOTAL
John Hydock Elementary	37,054	44,505	13,980	38,127	25,996	16,129	27,194	27,081	23,903	26,389	280,358
Mansfield Township Elementa	86,461	62,236	90,074	41,709	38,320	30,242	30,284	38,192	35,854	25,842	479,214
<b>Total</b>	<b>\$ 123,515</b>	<b>\$ 106,741</b>	<b>\$ 104,054</b>	<b>\$ 79,836</b>	<b>\$ 64,316</b>	<b>\$ 46,371</b>	<b>\$ 57,478</b>	<b>\$ 65,273</b>	<b>\$ 59,757</b>	<b>\$ 52,231</b>	<b>\$ 759,572</b>

Source: District records

**INSURANCE SCHEDULE  
JUNE 30, 2017**

**School Alliance Insurance Fund (SAIF)**

	COVERAGE	DEDUCTIBLE
Property	\$ 26,105,826	\$ 1,000
General Liability & Auto Liability	5,000,000	None
Environmental Impairment Liability	1,000,000	10,000
Crime & Fidelity	500,000	1,000
Student Accident	1,000,000	NIL Per Student
Security Guard Liability	1,000,000	2,500
Workers' Compensation	Statutory	NIL Per Occurrence
Supplemental Indemnity	Statutory	NIL Per Occurrence
Foreign Travel Liability Coverage	1,000,000	None
Blanket Dishonesty	100,000	1,000

**New Jersey Schools Insurance Group:**

School Leaders Professional Liability

**Selective Insurance: Surety Bonds**

Treasurer of School Funds (Parry)

Business Administrator (Goode)

Source: District Insurance Agent

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

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

Honorable President and Members  
of the Board of Education  
Mansfield Township School District  
County of Burlington  
Columbus, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mansfield Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Mansfield Township School District’s basic financial statements, and have issued our report thereon dated April 11, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Mansfield Township School District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Mansfield Township School District’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We

consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as finding no.'s 2017-003, 2017-004, 2017-006 and 2017-009.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies as finding no.'s 2017-001, 2017-002 and 2017-005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Mansfield Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 as finding no.'s 2017-007, 2017-008 and 2017-010.

We also noted certain immaterial instances of noncompliance that are not required to be reported under *Governmental Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, that we reported to management in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated April 11, 2018.

### **The Mansfield Township School District's Response to Findings**

The Mansfield Township School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON,

P.C. Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
April 11, 2018



EXHIBIT K-2

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

Honorable President and Members  
of the Board of Education  
Mansfield Township School District  
County of Burlington  
Columbus, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Mansfield Township School District’s compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2017. The Mansfield Township School District’s major 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Mansfield Township School District’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the School District's compliance.

### **Opinion on Each Major State Program**

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

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and New Jersey OMB's Circular 15-08, which are described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings – Financial Compliance and Performance as finding no's. 2017-007, 2017-008, 2017-009 and 2017-010. Our opinion on each major state program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Mansfield Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's 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 School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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. We consider the deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance, as finding no. 2017-009 to be a material weakness.

The Mansfield Township School District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Mansfield Township School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
April 11, 2018

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/PASS THROUGH GRANT PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE) 2017	UNEARNED REVENUE 2017
<b>U.S. Department of Agriculture</b>												
Passed Through New Jersey Department of Agriculture:												
Child Nutrition Cluster:												
National School Lunch Program	10.555	171NJ304N1099	N/A	26,964	7/1/16-6/30/17	-	25,536	(26,963)	-	-	(1,427)	-
National School Lunch Program	10.555	1616INJ304N1099	N/A	30,844	7/1/15-6/30/16	(1,477)	1,477	-	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	171NJ304N1099	N/A	12,485	7/1/16-6/30/17	-	12,485	(12,485)	-	-	-	-
Total Child Nutrition Cluster						(1,477)	39,498	(39,448)	-	-	(1,427)	-
Healthy Hungry Free Kids Act	10.592	171NJ304N1099	N/A	2,256	7/1/15-6/30/16	-	2,133	(2,256)	-	-	(123)	-
Subtotal						-	2,133	(2,256)	-	-	(123)	-
<b>Total U.S. Department of Agriculture</b>						(1,477)	41,631	(41,704)	-	-	(1,550)	-
<b>U.S. Department of Labor</b>												
Passed Through New Jersey Department of Education:												
ARRA-SEMI	93.778	1705NJMAP	N/A	2,067	7/1/16-6/30/17	-	2,067	(2,067)	-	-	-	-
Subtotal						-	2,067	(2,067)	-	-	-	-
<b>Total U.S. Department of Labor</b>						-	2,067	(2,067)	-	-	-	-
<b>U.S. Department of Education</b>												
Passed Through New Jersey Department of Education:												
I.D.E.A., Part B (Special Education Cluster):												
Basic	84.027	H027A160100	IDEA - 2960 - 17	120,831	7/1/16-6/30/17	-	12,615	(120,831)	-	-	(108,216)	-
Basic	84.027	H027A150100	IDEA - 2960 - 16	130,540	7/1/15-6/30/16	(26,303)	26,303	-	-	-	-	-
Subtotal						(26,303)	38,918	(120,831)	-	-	(108,216)	-
Preschool	84.173	H173A160114	IDEA - 2960 - 17	10,774	7/1/16-6/30/17	-	-	(10,774)	-	-	(10,774)	-
Preschool	84.173	H173A160114	IDEA - 2960 - 16	10,770	7/1/15-6/30/16	(1,030)	1,068	-	(38)	-	-	-
Subtotal						(1,030)	1,068	(10,774)	(38)	-	(10,774)	-
<b>Total Special Education Cluster</b>						(27,333)	39,986	(131,605)	(38)	-	(118,990)	-
No Child Left Behind (N.C.L.B.):												
Title I - Part A	84.010	S010A160030	NCLB - 2960 - 17	28,438	7/1/16-6/30/17	-	-	(18,871)	-	-	(18,871)	-
Title I - Part A	84.010	S010A150030	NCLB - 2960 - 16	25,460	7/1/15-6/30/16	(21,965)	21,426	-	539	-	-	-
Title I - Part A	84.010	N/A	NCLB - 2960 - 15	25,697	7/1/14-6/30/15	(544)	539	-	5	-	-	-
Subtotal						(22,509)	21,965	(18,871)	544	-	(18,871)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	NCLB - 2960 - 17	9,322	7/1/16-6/30/17	-	-	(9,321)	-	-	(9,321)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A150029	NCLB - 2960 - 16	7,475	7/1/15-6/30/16	(5,144)	5,074	-	70	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	N/A	NCLB - 2960 - 15	7,659	7/1/14-6/30/15	(70)	70	-	-	-	-	-
Subtotal						(5,214)	5,144	(9,321)	70	-	(9,321)	-
<b>Total U.S. Department of Education</b>						(55,056)	67,095	(159,797)	576	-	(147,182)	-
<b>Total Expenditures of Federal Awards</b>						\$ (56,533)	\$ 110,793	\$ (203,568)	\$ 576	\$ -	\$ (148,732)	\$ -

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

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	MEMO		
								BALANCE JUNE 30, 2017	CUMULATIVE TOTAL BUDGETARY RECEIVABLE EXPENDITURES	
<b><u>New Jersey Department of Education:</u></b>										
General Fund:										
State Aid-Public:										
Equalization Aid	495-034-5120-078	\$ 59,647	7/1/16-6/30/17	\$ -	\$ 59,647	\$ (59,647)	\$ -	\$ -	\$ 4,473	\$ 59,647
Categorical Security Aid	495-034-5120-084	50,397	7/1/16-6/30/17	-	50,397	(50,397)	-	-	3,780	50,397
Adjustment Aid	495-034-5120-085	2	7/1/16-6/30/17	-	2	(2)	-	-	-	2
Special Education Categorical Aid	495-034-5120-089	381,179	7/1/16-6/30/17	-	381,179	(381,179)	-	-	28,588	381,179
Per Pupil Growth Aid	495-034-5120-097	6,830	7/1/16-6/30/17	-	6,830	(6,830)	-	-	512	6,830
PARCC Readiness	495-034-5120-098	6,830	7/1/16-6/30/17	-	6,830	(6,830)	-	-	512	6,830
Professional Community Learning Aid	495-034-5120-101	6,100	7/1/16-6/30/17	-	6,100	(6,100)	-	-	458	6,100
Total State Aid-Public				-	510,985	(510,985)	-	-	38,323	510,985
Categorical Transportation Aid	495-034-5120-014	104,486	7/1/16-6/30/17	-	104,486	(104,486)	-	-	7,836	104,486
Extraordinary Aid	100-034-5120-473	106,411	7/1/16-6/30/17	-	-	(106,411)	-	(106,411)	-	106,411
Extraordinary Aid	100-034-5120-473	58,181	7/1/15-6/30/16	(58,181)	58,181	-	-	-	-	-
Additional Nonpublic School Transportation Aid	495-034-5120-014	5,568	7/1/16-6/30/17	-	5,568	(5,568)	-	(5,568)	-	5,568
Additional Nonpublic School Transportation Aid	495-034-5120-014	6,960	7/1/15-6/30/16	(6,960)	6,960	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	100-034-5094-003	336,819	7/1/16-6/30/17	-	321,070	(336,819)	-	(15,749)	-	336,819
Reimbursed TPAF Social Security Contributions	100-034-5094-003	319,135	7/1/15-6/30/16	(15,764)	15,764	-	-	-	-	-
TPAF - Post Retirement Medical Contributions (Noncash Assistance)	495-034-5094-001	402,748	7/1/16-6/30/17	-	402,748	(402,748)	-	-	-	402,748
TPAF - Normal Pension Contributions (Noncash Assistance)	495-034-5094-002	483,359	7/1/16-6/30/17	-	483,359	(483,359)	-	-	-	483,359
TPAF - Long-Term Disability Insurance Contributions (Noncash Assistance)	495-034-5094-004	990	7/1/16-6/30/17	-	990	(990)	-	-	-	990
Total General Fund				(80,905)	1,904,543	(1,951,366)	-	(127,728)	46,159	1,951,366
Debt/Service Fund:										
Type II Debt Service Aid	100-034-5120-125	31,988	7/1/16-6/30/17	-	31,988	(31,988)	-	-	-	31,988
Total Debt Service Fund				-	31,988	(31,988)	-	-	-	31,988
<b><u>New Jersey Department of Agriculture:</u></b>										
Enterprise Fund:										
National School Lunch Program	100-010-3350-023	1,588	7/1/16-6/30/17	-	1,502	(1,588)	-	(86)	-	1,588
National School Lunch Program	100-010-3350-023	1,779	7/1/15-6/30/16	(86)	86	-	-	-	-	-
Total Enterprise Fund				(86)	1,588	(1,588)	-	(86)	-	1,588
<b>Total State Financial Assistance</b>				\$ (80,991)	\$ 1,938,119	\$ (1,984,942)	\$ -	\$ (127,814)	\$ 46,159	\$ 1,984,942
State Financial Assistance Programs not subject to Calculation for Major Program Determination:										
TPAF - Post-Retirement Medical (Noncash Assistance)	495-034-5094-001	\$ 402,748	7/1/16-6/30/17		\$	402,748				
TPAF - Normal Pension Contributions (Noncash Assistance)	495-034-5094-002	483,359	7/1/16-6/30/17			483,359				
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	990	7/1/16-6/30/17			990				
<b>Total State Financial Assistance subject to Calculation for Major Program Determination</b>						<u>\$ (1,097,845)</u>				

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



**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Mansfield Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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*. 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 schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

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 represents the amount paid by the state on behalf of the School 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 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.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 3. Relationship to Basic Financial Statements (continued)**

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 aid June 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 \$(4,110) for the general fund and \$7,701 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 2,067	\$ 1,947,256	\$ 1,949,323
Special Revenue Fund	152,096	-	152,096
Debt Service Fund	-	31,988	31,988
Food Service Fund	41,704	1,588	43,292
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 195,867</u>	<u>\$ 1,980,832</u>	<u>\$ 2,176,699</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 Mansfield Township School District had no loan balances outstanding at June 30, 2017.

**MANSFIELD 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?  X  yes   no

2) Significant deficiency(ies) identified?  X  yes   none reported

Noncompliance material to financial statements noted?  X  yes   no

**Federal Awards**

**SECTION IS N/A - NOT REQUIRED**

Internal control over major programs:

1) Material weakness(es) identified?   yes   no

2) Significant deficiency(ies) identified?   yes   none reported

Type of auditor's report issued on compliance for major programs \_\_\_\_\_

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

Identification of major programs:

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

Not Applicable

Dollar threshold used to determine Type A programs \_\_\_\_\_

Auditee qualified as low-risk auditee?   yes   no

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

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

**State Financial Assistance**

Dollar threshold used to determine Type A programs \$ 750,000

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Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no

Internal control over major programs:

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

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   no

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 New Jersey OMB's Circular 15-08? \_\_\_\_\_ yes      X   no

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
	State Aid Public:
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-101	Professional Learning Community Aid
100-034-5094-003	Reimbursed TPAF Social Security Contributions

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**Finding No. 2017-001:**

**Criteria or Specific Requirement:**

It is an essential part of internal controls to properly and routinely analyze payroll agency accounts.

**Condition:**

It was noted during our audit that a proper analysis of payroll agency is not being completed or maintained.

**Context:**

There was not attempt by District personnel to analyze payroll agency activity during the fiscal year.

**Effect:**

The District's financial records related to payroll liabilities may not be accurate. The District also risks non-compliance with federal and state tax remittance requirements.

**Cause:**

District personnel have not been properly trained or managed to realize this process was not being completed.

**Recommendation:**

That the District properly analyze payroll agency on a monthly basis in order to ensure all payroll taxes and other withholdings are properly withheld and remitted.

**View of Responsible Officials and Planned Corrective Action:**

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

**Finding No. 2017-002:**

**Criteria or Specific Requirement:**

Proper internal controls should be in place to ensure that District employees are paid at the proper rate for all non-routine payroll transactions.

**Condition:**

A payroll error during 2016 led to The Mansfield Township School District undergoing a forensic accounting investigation of their payroll processing of retro pay, longevity and pay rates for the pay periods ended June 15, 2016, and July 14, 2016 through September 30, 2016. The results of this investigation yielded various errors totaling a net amount of overpayments to employees of \$11,457.09.

**Context:**

The forensic accountant analyzed 652 payroll transactions noting 47 discrepancies resulted in a total amount due to employees of \$790.91

The forensic accountant recalculated retroactive payments and extra payroll payments on September 30, 2016 noting 26 discrepancies resulting in a total due from employees of \$12,248.

**Effect:**

The District did not properly pay employees for payroll transactions during the selected period resulting in a net overpayment of \$11,457.09.

**Cause:**

District personnel did not have the proper training or understanding of District policies or the ability to properly calculate retro payments.

**Recommendation:**

It is recommended that the District follow the recommendations as outlined by the forensic report provided by the independent accounting firm dated December 2, 2016 to ensure retro, longevity and District pay rates are properly handled.

**View of Responsible Officials and Planned Corrective Action:**

Responsible officials agree with this finding and the recommendations have been implemented.

**Finding No. 2017-003:**

**Criteria or Specific Requirement:**

The maintenance of a general ledger is required by the State Department of Education.

**Condition:**

It was noted during our audit that the general ledger of the District was not properly maintained. Prior year audit adjustments were not recorded and material adjustments were necessary in order to properly reflect the District's financial position at June 30, 2017.

**Context:**

Prior year adjustments and various material adjustments were necessary in order to properly reflect the financial condition as of June 30, 2017. Bank transfers between District accounts were not being properly reflected in the general ledger resulting in a total General Fund cash adjustment of \$354,753 in order to agree to the District bank reconciliation. Interfunds did not agree between the various funds of the District. Numerous entries were required to properly reconcile special revenue fund items such as accounts receivable from grantors and amounts payable to grantors. Additionally, state aid was not properly posted for the accrual activity.

**Effect:**

The District's financial records related to those accounts may not be accurate. The cumulative effect of these items was material to the financial statements.

**Cause:**

Lack of oversight by district officials.

**Recommendation:**

That the District properly maintain its general ledger and reconcile monthly with other subsidiary accounting records.

**View of Responsible Officials and Planned Corrective Action:**

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

**Finding No. 2017-004:**

**Criteria or Specific Requirement:**

N.J.S.A. 18A:17-9 requires that accurate monthly reconciliations of all bank accounts are prepared prior to the completion of the Board Secretary's monthly report.

**Condition:**

The District bank reconciliations for various funds were not prepared in accordance with N.J.S.A. 18A:17-9 and were not prepared in a timely manner on a monthly basis due to lack of maintaining a general ledger.

**Context:**

Appropriate internal controls should be in place to ensure that the cash accounts are reconciled to the bank statements and general ledger of the Board Secretary.

**Effect:**

The risk of misappropriation of funds was significantly increased by not performing cash reconciliations that are balanced to the general ledger.

**Cause:**

Lack of oversight by district officials.

**Recommendation:**

That the District properly reconcile all bank accounts to the District's general ledger on a monthly basis.

**View of Responsible Officials and Planned Corrective Action:**

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

**Finding No. 2017-005:**

**Criteria or Specific Requirement:**

The District general ledger and subsidiary accounting records should agree to the accounting records of the food service director.

**Condition:**

Food service accounting records maintained by the district's central administration office did not agree with the records maintained by the food service director.

**Context:**

Various material adjustments were necessary in order to agree to the accounting records maintained by the food service director.

**Effect:**

The District's financial records related to those accounts may not be accurate. The cumulative effect of these items was material to the financial statements.

**Cause:**

Lack of oversight by district officials.



**Recommendation:**

The district should establish procedures that will reconcile the food service director's records and the food service records maintained by the central administration office.

**View of Responsible Officials and Planned Corrective Action:**

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

**Finding No. 2017-006:**

**Criteria or Specific Requirement:**

The State Department of Education requires districts to maintain a capital assets record that accounts for all assets with a historical value of at least \$2,000.

**Condition:**

The capital assets records were not properly updated for additions, disposals or depreciation.

**Context:**

The District did not properly track or submit capital asset activity to their appraisal company. Due to this oversight, asset additions and depreciation were made by audit adjustment.

**Effect:**

The District's financial records related to those accounts may not be accurate.

**Cause:**

Lack of oversight by district officials.

**Recommendation:**

The district should have adequate internal control procedures over its capital assets, including periodic update of the general ledger for additions, disposals and depreciation.

**View of Responsible Officials and Planned Corrective Action:**

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE**

**Finding 2017-007**

Information on the State Program

State Aid - Public

Criteria or specific requirement:

N.J.S.A 18A:22-8.1 and N.J.A.C. 6A:23A-13.3 requires school districts to receive Commissioner approval or executive county superintendent approval for line item transfers from any general fund appropriation account that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes and for transfers to an advertised appropriation account identified as general administration, school administration, central services and administrative information technology or other support services.

Condition:

It was noted during our testing that the District did not receive Commissioner approval for line-item transfers exceeding 10 percent on a cumulative basis from general fund appropriation accounts and appropriations accounts advertised as administration.

Questioned Costs:

None

Context:

The District communicated that no approvals were obtained for line item transfers in excess of 10 percent.

Effect or potential effect:

The District did not comply with N.J.S.A 18A:22-8.1 and N.J.A.C. 6A:23A-13.3.

Cause:

Unknown.

Recommendation:

That the District receive the necessary approval, in compliance with N.J.S.A. 18A:22-8.1 and N.J.A.C. 6A:23A-13.3(g), for line-item transfers that exceed 10 percent on a cumulative basis.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

**Finding 2017-008**

Information on the State Program:

State Aid - Public

Criteria or specific requirement:

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount budgeted in an applicable line item and also requires the Board to certify that over-expenditures have occurred.

Condition:

It was noted during our testing that the Board of Education incurred obligations in excess of the amount appropriated by the Board in the applicable line-item account or program category account before line-item transfers were approved.

Questioned Costs:

None

Context:

As a result of required audit adjustments, budget appropriations for tuition and health benefits were over-expanded.

Effect or potential effect:

The District did not comply with N.J.A.C. 6A:23A-16.10.

Cause:

The District did monitor expenses and attempted to transfer funds from other budget accounts which were reversed by audit adjustment due to a lack of supporting documentation.

Recommendation:

That the District receives the necessary approval for line-item transfers, in compliance with N.J.A.C. 6A:23A-16.10, prior to the over-expenditure of any line-item account.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

## **Finding 2017-009**

### Information on the State Program:

State Aid - Public

### Criteria or specific requirement:

The State Department of Education requires District's that have a designated Treasurer, ensure that the Treasurer is properly performing and providing cash reconciliation on a monthly basis.

### Condition:

The Treasurer did not provide proper cash reconciliations for any account of the District.

### Questioned Costs:

None

### Context:

The Treasurer did not provide monthly cash reports for the entire fiscal year.

### Effect or potential effect:

The District did not comply with requirements set forth by the Department of Education. Further, the risk of misappropriation of assets significantly increased due to the lack of accurate monthly bank reconciliations.

### Cause:

Lack of oversight by district officials.

### Recommendation:

Each month, the Treasurer should determine cash balances by performing and providing cash reconciliations for the all District accounts.

### View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

## **Finding 2017-010**

### Information on the State Program:

State Aid - Public

### Criteria or specific requirement:

Districts must complete the Application for State School Aid (ASSA) in accordance with instructions provided by the Division of Administration and Finance, Department of Education. Districts must complete a set of workpapers that document the compilation of data and retain supporting documentation that provides an audit trail for testing the information reported on the ASSA report.

### Condition:

During our audit of the Application for State School Aid report, it was noted that the District report 21 more special education students than was supported by the District workpapers.

Questioned Costs:

None

Context:

Our test of on-roll students noted that the District reported 21 more students than that supported by the District workpapers.

Effect or potential effect:

The District's State Aid allocation could be impacted.

Cause:

Lack of oversight by district officials.

Recommendation:

That the District implement proper internal controls surrounding ASSA enrollment counts and reporting.

View of responsible official: The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

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**MANSFIELD TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

**Financial Statements**

No Prior Year Findings.

**Federal Awards**

N/A – No Federal Single Audit in prior year.

**State Financial Assistance**

No Prior Year Findings.