

**Mantua Township School  
Board of Education  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**MANTUA TOWNSHIP SCHOOL DISTRICT**

**MANTUA, NEW JERSEY**

**Mantua Township School Board of Education  
Mantua, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

of the

**Mantua Township School Board of Education  
Mantua, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

Prepared by:

**Mantua Township School  
Board of Education Administration**

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## INTRODUCTORY SECTION



# MANTUA TOWNSHIP PUBLIC SCHOOLS

DR. H. SIMMERMAN ADMINISTRATION BUILDING  
684 MAIN STREET  
SEWELL, NJ 08080  
(856) 468-2225 (PHONE) (856)468-5563 (FAX)

**Michelle H. Daminger**  
*Board Secretary*

**Dr. Robert Fisicaro**  
*Superintendent*

**Theresa Labbree**  
*Supervisor of Curriculum*

October 20, 2017

Honorable President and  
Members of the Board of Education  
Township of Mantua School District  
684 Main Street  
Sewell, New Jersey 08080

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes under the new Governmental Accounting Standards Board Statement No. 34, the Independent Auditor's Report, Management Discussion and Analysis (MD&A), and the basic financial statements including the District-wide statements, fund statements, notes to the financial statements, required supplementary information other than MD&A including budgetary comparison schedules, and other supplementary information. The statistical tables include selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and the *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:** The Township of Mantua School District is an independent reporting entity within the criteria set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Township of Mantua Board of Education and all its schools constitute the District's reporting entity.

For the 2016/2017 school year, the District's three elementary schools were organized as follows:

- Centre City                      Pre-K-3 with special education programs for learning and/or language disability, multiple disability, and preschool disability pupils.  
A resource room for supplemental special education services is also available.
  
- J. Mason Tomlin                4-6 with special education programs for learning and/or language disability, and multiple disability pupils.  
A resource room for supplemental special education services is also available.
  
- Sewell                              Pre-K-3 with a resource room for offering special education, supplementary services, and special education programs for multiple disability pupils and learning and/or language disability.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,274	2.49%
2015-2016	1,243	-2.12%
2014-2015	1,270	-3.24%
2013-2014	1,312	-1.51%
2012-2013	1,332	-4.34%
2011-2012	1,393	-2.62%
2010-2011	1,430	-4.86%
2009-2010	1,503	-3.84%
2008-2009	1,563	1.30%
2007-2008	1,543	.19%

**2. INSTRUCTIONAL PROGRAMS:** In addition to the basic elementary curriculum emphasizing reading, writing, and arithmetic, each of the District's schools provide:

- Remedial instruction
- Resource room instruction for classifiable learning disabilities
- Speech and language development services
- Computer instruction
- Art and music instruction
- Library programs
- Physical education instruction
- Guidance and child study team services
- A full time nurse at each school
- Foreign language instruction
- Character education
- Cultural studies

**2. INSTRUCTIONAL PROGRAMS (CONTINUED):** All curricular materials are reviewed annually and updated as determined necessary after each review.

Student academic performance is measured utilizing iReady for Grades 3-6 and Dibels for grades Kindergarten-2. This is a program which measures student's abilities in reading and mathematics. This assessment is administered in the fall, winter, and in the spring. The assessment provides immediate feedback regarding student's abilities and provides teachers with specific information which can be used to enhance instruction.

Parent and community involvement in the schools is provided through a number of opportunities at both the local and district levels. In addition to individual school parent associations, these affiliations include school based planning teams, the District Advisory Council, the Municipal Alliance and cooperative efforts with the Township recreation, environmental groups, and planning board. School Based Planning and Intervention and Referral Service Teams function at each school to further refine planning for student and school needs.

**3. INTERNAL ACCOUNTING CONTROLS:** The Business Administrator is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but no absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District management.

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

**4. BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, 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 canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as committed to fund balance at June 30, 2017.

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

**6. DEBT ADMINISTRATION:** At June 30, 2017, the District's outstanding debt issues included \$2,625,000 of general obligation bonds. The proceeds of this bond issue were placed in the District's Capital Projects Fund for use to provide funds for capital improvements to the District's buildings and grounds. These improvements include renovations and additions to the various schools and the purchase of furniture, fixtures, and equipment for the additions.

**7. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. New Jersey Statutes require governmental units to deposit public funds in institutions as described in Note 2, "Notes to the Financial Statements."

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

**9. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Petroni & Associates LLC. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996, and the *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. The auditor's report on the general purpose financial statements and combining and individual fund 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.

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

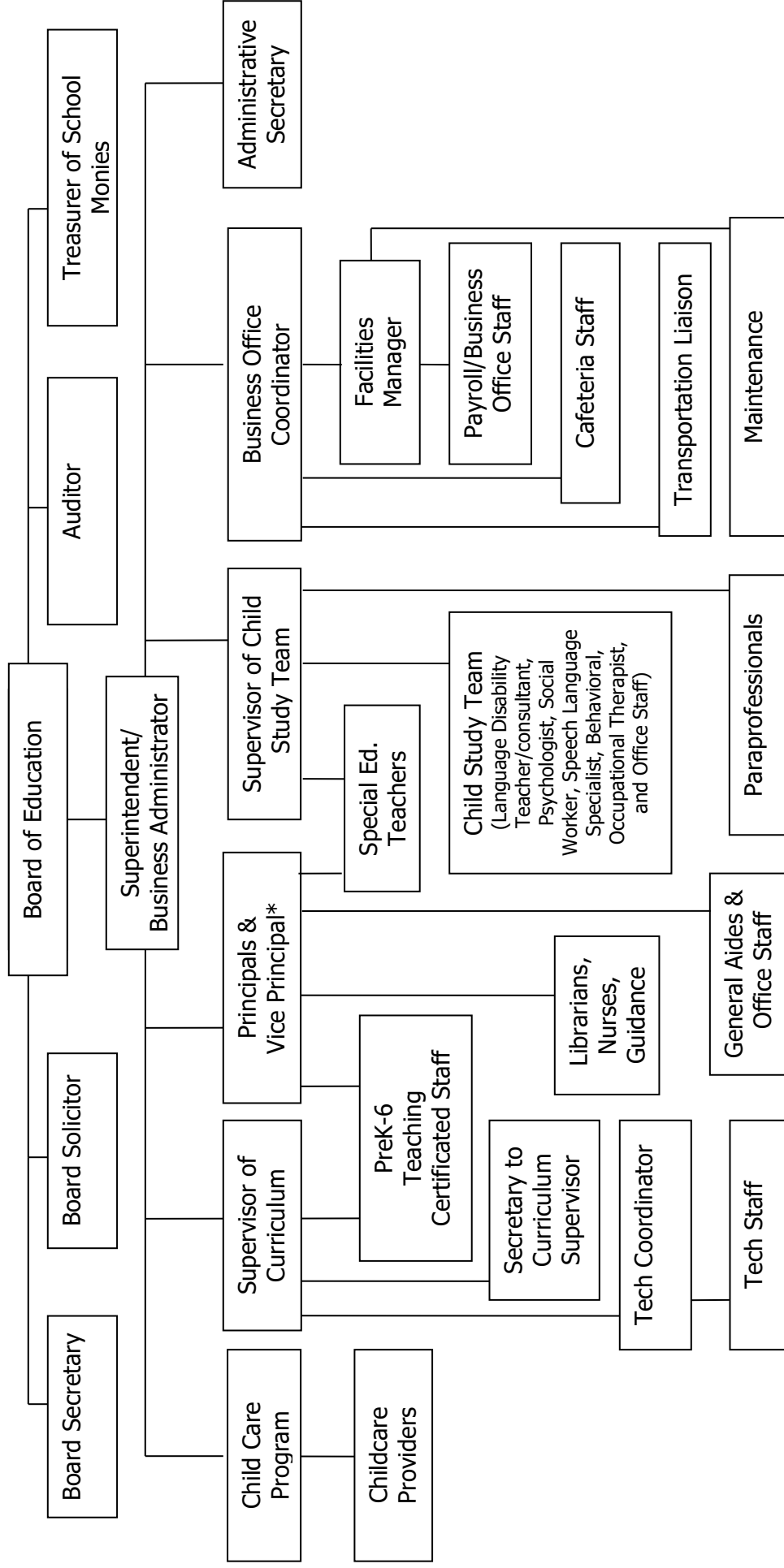
Respectfully submitted,

Dr. Robert Fisicaro  
Dr. Robert Fisicaro  
Superintendent

Michelle H. Daminger  
Michelle H. Daminger  
Board Secretary

# MANTUA TOWNSHIP BOARD OF EDUCATION

## ORGANIZATIONAL CHART



\*Centre City and JMT Schools

**MANTUA TOWNSHIP BOARD OF EDUCATION**  
Mantua, New Jersey

**ROSTER OF OFFICIALS**  
June 30, 2017

**Board of Education Members**

<u>Board Member</u>	<u>Office Held</u>	<u>Term Date</u>
Thomas D. Gregg	President	2018
Bonnie Nuss	Vice President	2017
Fran Adler	Board Member	2019
Richard Chrono	Board Member	2018
James Hochberg	Board Member	2017
Robert Johnson	Board Member	2019
Mary Porter	Board Member	2017
Stephen Reiners	Board Member	2018
Ashley Zimmerman	Board Member	2019

OTHER OFFICIALS

Dr. Robert Fisicaro, Superintendent/Business Administrator

Michelle H. Daminger, Board Secretary

Frank P. Cavallo Jr., Solicitor

**MANTUA TOWNSHIP BOARD OF EDUCATION**  
**Mantua, New Jersey**

**CONSULTANTS AND ADVISORS**

**Auditor**

Petroni & Associates LLC  
102 West High Street, Suite 100  
Glassboro, NJ 08028

Contact: Nick Petroni  
Certified Public Accountant

**Solicitor**

Parker McCay  
9000 Midlantic Drive, Suite 300  
P.O. Box 5054  
Mount Laurel, NJ 08054

Contact: Frank P. Cavallo, Jr.

**Depository**

Fulton Bank of New Jersey  
450 Bridgeton Pike  
Mantua, NJ 08051

## FINANCIAL SECTION



# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Mantua Township School District  
684 Main Street  
Sewell, New Jersey 08080

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Mantua Township School District, in the County of Gloucester, 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 District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the, 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 Board'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mantua Township Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and the schedule 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*, and the other information, such as introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of Federal and State Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied

in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance), and the schedule 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2017, on our consideration of the Mantua Township Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Mantua Township Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542  
Glassboro, New Jersey

October 20, 2017

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Mantua Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017  
Unaudited

This section of the Mantua Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this Report and the District's financial statements, which immediately follows this Section.

### **Overview of the Financial Statements**

This Annual Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

Figure A-1 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Mantua Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017  
Unaudited

**Figure A-1: Major Features of the District-wide and Fund Financial Statements**

	<b>District-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
<b>Required Financial Statements</b>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of Asset/Liability Information</b>	All assets and liabilities, both financial and capital and short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Mantua Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017  
Unaudited

**District-wide Financial Statements**

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

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- **Governmental Activities** - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- **Business-type Activities** - The District charges fees to help it cover the costs of certain services it provides. The District's food service program and child care program would be included here.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal grants).

The District has four kinds of funds:

- **Governmental Funds** - Most of the District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the Governmental Funds statements explains the relationship (or differences) between them.

Mantua Township School District  
Management's Discussion and Analysis  
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**Fund Financial Statements (Continued)**

- **Proprietary Funds** - Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the District-wide statements. In fact, the District's *Enterprise Funds* (one type of Proprietary Fund) are the same as its Business-type Activities, but provide more detail and additional information, such as cash flow.
- **Internal Service Funds** - (the other kind of Proprietary Fund) are optional and utilized to report activities that provide supplies and services for other district programs and activities and for other districts.
- **Fiduciary Funds** - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found listed in the index of this report.



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

**Net Position**

	FY 2017		FY 2016		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2017	FY 2016
<b>Assets</b>						
Current and other assets	\$ 1,859,139	\$ 476,732	\$ 1,385,582	\$ 388,628	\$ 2,335,871	\$ 1,774,210
Capital assets	18,778,198	3,971	19,493,398	4,626	18,782,169	19,498,024
Total assets	<u>20,637,337</u>	<u>480,703</u>	<u>20,878,980</u>	<u>393,254</u>	<u>21,118,040</u>	<u>21,272,234</u>
<b>Deferred Outflows of Resources</b>						
Loss on refunding issue	24,941		36,027		24,941	36,027
Deferred outflows related to pension	2,582,378		1,586,324		2,582,378	1,586,324
Total deferred outflows of resources	<u>2,607,319</u>		<u>1,586,324</u>		<u>2,607,319</u>	<u>1,622,351</u>
<b>Liabilities</b>						
Noncurrent liabilities	3,548,504	22,140	4,566,992	36,248	3,570,644	4,603,240
Other liabilities	367,524	37,554	261,832	36,905	405,078	298,737
Net pension liability	9,187,726		6,034,577		9,187,726	
Total liabilities	<u>13,103,754</u>	<u>59,694</u>	<u>10,863,401</u>	<u>73,153</u>	<u>13,163,448</u>	<u>4,901,977</u>
<b>Deferred Inflows of Resources</b>						
Deferred inflows related to pension	<u>189,802</u>		<u>30,382</u>		<u>189,802</u>	<u>30,382</u>
<b>Net position</b>						
Invested in capital assets						
Net of related debt	16,029,625	3,971	15,744,806	4,626	16,033,596	15,749,432
Restricted	1,689,752		1,337,538		1,689,752	1,337,538
Unrestricted	(7,768,277)	417,038	(6,921,781)	315,475	(7,351,239)	(6,606,306)
Total net position	<u>\$ 9,951,100</u>	<u>\$ 421,009</u>	<u>\$ 10,160,563</u>	<u>\$ 320,101</u>	<u>\$ 10,372,109</u>	<u>\$ 10,480,664</u>

**Net Position** - The District's combined total net position was \$10,372,109 on June 30, 2017, (see Exhibit A-1). Approximately 4% of the total net position are from Business-type Activities, while the balance of the total net position of 96% is attributable to Governmental Activities. There was a decrease from the prior year of \$108,555.

Mantua Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017  
Unaudited

**Financial Analysis of the District as a Whole (Continued)**

**Changes in Net Position**

	FY 2017		FY 2016		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2017	FY 2016
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 82,298	\$ 619,671	\$ 82,109	\$ 605,655	\$ 701,969	\$ 687,764
Operating grants & contributions	677,508	167,890	657,761	146,390	845,398	804,151
General revenues:						
Property taxes	13,405,132		13,192,753		13,405,132	13,192,753
Grants and entitlements	9,036,353		8,736,927		9,036,353	8,736,927
Other	270,144		527,138		270,144	527,138
Total revenues	<u>23,471,435</u>	<u>787,561</u>	<u>23,196,688</u>	<u>752,045</u>	<u>24,258,996</u>	<u>23,948,733</u>
<b>EXPENSES:</b>						
Instruction	9,335,690		9,379,183		9,335,690	9,379,183
Student support services	2,022,595		2,120,664		2,022,595	2,120,664
General administrative services	414,145		383,830		414,145	383,830
School administration	787,267		714,895		787,267	714,895
Central services	214,941		219,780		214,941	219,780
Administrative information technology	157,593		168,687		157,593	168,687
Plant operations & maintenance	1,691,019		1,590,091		1,691,019	1,590,091
Pupil transportation	875,736		723,337		875,736	723,337
Employee benefits	7,381,027		6,433,133		7,381,027	6,433,133
Interest on debt	93,331		129,457		93,331	129,457
Unallocated depreciation	691,660		685,861		691,660	685,861
Transfer of funds to charter school	15,894				15,894	
Food service		328,473		309,950	328,473	309,950
Childcare		358,180		352,368	358,180	352,368
Total expenses	<u>23,680,898</u>	<u>686,653</u>	<u>22,548,918</u>	<u>662,318</u>	<u>24,367,551</u>	<u>23,211,236</u>
Transfers						
Increase (decrease) in net position	<u>\$ (209,463)</u>	<u>\$ 100,908</u>	<u>\$ 647,770</u>	<u>\$ 89,727</u>	<u>\$ (108,555)</u>	<u>\$ 737,497</u>

**Changes in Net Position** - The District's total revenues are \$24,258,996 for the fiscal period ended June 30, 2017, (see Exhibit A-2). The revenue breakout for all funds is as follows: property taxes 55.25%, state formula aid 37.25%, state and federal aid for specific programs 3.48%, and the remainder, 4.02% from miscellaneous resources.

The District's predominant expenses are related to instruction and student support services which is approximately 46.6%. Employee benefits are 30.3%; plant operations and maintenance accounts for 6.9%; transportation expenses accounts for 3.6%; school administration, general administration, central services, and administrative information technology account for 6.5%; interest on debt is .4%; Business-type Activities account for 2.8%; unallocated depreciation is 2.8%; transfer to charter school accounts for .005% of the District's expenses.

Mantua Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017  
Unaudited

**Business-Type Activities**

Revenues of the District's Business-type Activities (food and nutrition services and after school child care) were comprised of charges for services, federal and state reimbursements, and investment earnings.

- Business-type Activities revenues exceeded expenditures by \$100,908 (see Exhibit B-5).

**Governmental Activities**

Revenues for Governmental Activities (see Exhibit B-2) were \$23,389,137, while total expenses amounted to \$23,031,201. This resulted in an increase in net position in Governmental Activities of \$357,936 for fiscal year 2017.

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

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	FY 2017		FY 2016	
Instruction:	\$ 9,335,690	\$ 8,747,784	\$ 9,379,183	\$ 8,954,014
Support services:				
Student support services	2,022,595	1,909,434	2,120,664	1,868,680
School administration	787,267	787,267	714,895	714,895
General administrative services	414,145	414,145	383,830	383,830
Central services	214,941	214,941	219,780	219,780
Administration information technology	157,593	157,593	168,687	168,687
Plant operations & maintenance	1,691,019	1,691,019	1,590,091	1,590,091
Pupil transportation	875,736	875,736	723,337	723,337
Employee benefits	7,381,027	7,322,288	6,433,133	6,370,416
Interest on debt	93,331	93,331	129,457	129,457
Transfer of funds to charter school	15,894	15,894		
Food service	328,473	(69,800)	309,950	(48,360)
Other proprietary funds	358,180	(31,108)	352,368	(41,367)
Depreciation	691,660	691,660	685,861	685,861
<b>Total expenses</b>	<b>\$ 24,367,551</b>	<b>\$ 22,820,184</b>	<b>\$ 23,211,236</b>	<b>\$ 21,719,321</b>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Mantua Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017  
Unaudited

**Governmental Activities (Continued)**

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law. "Other" includes special schools and unallocated depreciation and capital outlay.

**The School District's Funds**

All Governmental Funds (i.e., General Fund, Special Revenue Fund, and Debt Service Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$23,389,137 and expenditures were \$23,031,201 (see Exhibit B-2). The Schedules included in the financial section of this Report demonstrate that the District continues to meet its responsibility for sound financial management.

The following schedules present a summary of the revenues of the Governmental Funds for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Local sources	\$ 13,678,542	58.48%	\$ (53,492)	-0.39%
State sources	9,093,019	38.88%	283,479	-0.61%
Federal sources	617,576	2.64%	44,571	-9.34%
	<u>\$ 23,389,137</u>	<u>100.00%</u>	<u>\$ 274,558</u>	1.19%

The increase in local revenue was due to an increase in tuition revenue for \$62,382 and a tax increase of \$245,021.

The following schedules present a summary of General Fund, Special Revenue Fund, and Debt Service Fund expenditures for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 9,230,789	40.08%	\$ (107,145)	-1.15%
Undistributed	12,707,062	55.17%	527,648	4.33%
Capital outlay			(51,100)	-100.00%
Debt service:				
Principal	950,000	4.12%	(15,000)	-1.55%
Interest	143,350	0.62%	(38,600)	-21.21%
	<u>\$ 23,031,201</u>	<u>100.00%</u>	<u>\$ 315,803</u>	1.39%

Mantua Township School District  
Management's Discussion and Analysis  
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**The School District's Funds (Continued)**

The largest portion of General Fund expenditures is for salaries and benefits. The District is a service entity and as such is labor intensive. This is typical for a service industry in both the public sector and private industry.

Instructional expenditures are down \$107,145 over the prior year; employee benefits are up \$331,256 over the prior year. Salaries reflect contractual increases over the prior year based on the union contract.

**Financial Analysis of the District's Funds**

The strong financial performance of the District as a whole is primarily reflected in its Governmental Funds. As the District completed the year, its Governmental Funds reported *combined* fund balances of \$1,459,518 (see Exhibit B-1).

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Transfers between budgetary line accounts to prevent overruns.
- Appropriation of revenue due to tuition costs.

This fiscal year was completed utilizing a zero based budgeting as implemented by the Board of Education and Administration. This process allowed us to more accurately account for our expenditures by school. Principals became more aware of their appropriation limitations and managed their individual school budgets effectively.

**Capital Asset and Debt Administration**

**Capital Assets**

The Mantua Township School investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$18,782,169 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and furniture (see table below). More detailed information about capital assets can be found in Note 6 to the financial statements.

**Mantua Township School District's Capital Assets**

	FY 2017		FY 2016		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2017	FY 2016
Land	\$ 110,027		\$ 110,027		\$ 110,027	\$ 110,027
Land improvements	278,856		298,863		278,856	298,863
Buildings	17,787,237		18,392,361		17,787,237	18,392,361
Machinery & equipment	602,078	\$ 3,971	692,147	\$ 4,626	606,049	696,773
	<u>\$ 18,778,198</u>	<u>\$ 3,971</u>	<u>\$ 19,493,398</u>	<u>\$ 4,626</u>	<u>\$ 18,782,169</u>	<u>\$ 19,498,024</u>

**Debt Administration**

At June 30, 2017, the School District had \$3,548,504 of outstanding debt. Of this amount, \$794,923 is for compensated absences, \$128,581 unamortized premium, and \$2,625,000 of serial bonds; for school construction.

Mantua Township School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017  
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**Debt Administration (Continued)**

**Outstanding Debt at June 30**

	FY 2017	FY 2016	Percentage Change
Compensated absences	\$ 794,923	\$ 806,265	-1.41%
Unamortized premium	128,581	185,727	-30.77%
Refunding bonds of 2011	2,625,000	3,575,000	-26.57%
Total	<u>\$ 3,548,504</u>	<u>\$ 4,566,992</u>	-22.30%

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

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

- State Formula Aid for the fiscal year 2016-2017 had a \$10,795 increase over the prior year budgeted amount for Professional Learning Community Aid which was new in 2016-2017.
- District enrollment for 2016-2017 based on the October 15<sup>th</sup> count was 1,265 compared to 1,246 in 2015-2016.
- The District's special revenue is an unpredictable revenue source. The District avails itself of every grant opportunity to increase educational opportunities for the students.

**Contacting the District's Financial Management**

This Financial Report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Board Secretary, Michelle H. Daminger, Mantua Township Board of Education, 684 Main Street, Sewell, New Jersey 08080.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**



MANTUA TOWNSHIP SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2017

	Governmental Activities	Business-type Activities	FY 2017
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,095,603	\$ 456,304	\$ 1,551,907
Interfund receivable	10,080		10,080
Receivables	228,815	9,407	238,222
Inventory		11,021	11,021
Restricted assets:			
Restricted cash and cash equivalents	240,197		240,197
Capital reserve account - cash	284,444		284,444
Capital assets:			
Non-depreciable	110,027		110,027
Assets net of depreciation	18,668,171	3,971	18,672,142
Total assets	<u>20,637,337</u>	<u>480,703</u>	<u>21,118,040</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on refunding bond issue	24,941		24,941
Deferred outflows related to pension	2,582,378		2,582,378
Total deferred outflows of resources	<u>2,607,319</u>		<u>2,607,319</u>
<b>LIABILITIES</b>			
Accounts payable	314,026	37,554	351,580
Payable to state government	20,860		20,860
Deferred revenue - local	12,705		12,705
Accrued interest	19,933		19,933
Noncurrent liabilities:			
Due within one year	972,146		972,146
Due beyond one year	2,576,358	22,140	2,598,498
Net pension liability	9,187,726		9,187,726
Total liabilities	<u>13,103,754</u>	<u>59,694</u>	<u>13,163,448</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	189,802		189,802
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	16,029,625	3,971	16,033,596
Restricted for:			
Capital projects	284,444		284,444
Other purposes	1,405,308		1,405,308
Unrestricted	(7,768,277)	417,038	(7,351,239)
Total net position	<u>\$ 9,951,100</u>	<u>\$ 421,009</u>	<u>\$ 10,372,109</u>

See accompanying notes to the basic financial statements.

MANTUA TOWNSHIP SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 5,242,127			\$ (5,242,127)		\$ (5,242,127)
Special education	3,197,538		\$ 505,608	(2,691,930)		(2,691,930)
Other special education	840,861	\$ 82,298		(758,563)		(758,563)
Other instruction	55,164			(55,164)		(55,164)
Support services:						
Student & instructional related services	2,022,595		113,161	(1,909,434)		(1,909,434)
General administrative services	414,145			(414,145)		(414,145)
School administrative services	787,267			(787,267)		(787,267)
Central services	214,941			(214,941)		(214,941)
Administrative information technology	157,593			(157,593)		(157,593)
Plant operations & maintenance	1,691,019			(1,691,019)		(1,691,019)
Pupil transportation	875,736			(875,736)		(875,736)
Employee benefits	7,381,027		58,739	(7,322,288)		(7,322,288)
Interest on long-term debt	93,331			(93,331)		(93,331)
Transfer of funds to charter school	15,894			(15,894)		(15,894)
Unallocated depreciation	691,660			(691,660)		(691,660)
<b>Total governmental activities</b>	<b>23,680,898</b>	<b>82,298</b>	<b>677,508</b>	<b>(22,921,092)</b>		<b>(22,921,092)</b>
Business-type activities:						
Food service	328,473	230,383	167,890		\$ 69,800	69,800
Other activities	358,180	389,288			31,108	31,108
<b>Total business-type activities</b>	<b>686,653</b>	<b>619,671</b>	<b>167,890</b>		<b>100,908</b>	<b>100,908</b>
<b>Total primary government</b>	<b>\$ 24,367,551</b>	<b>\$ 701,969</b>	<b>\$ 845,398</b>	<b>\$ (22,921,092)</b>	<b>\$ 100,908</b>	<b>\$ (22,820,184)</b>
General revenues:						
Property taxes, levied for general purpose, net				\$ 12,686,478		\$ 12,686,478
Taxes levied for debt service				718,654		718,654
Federal and state aid not restricted				9,036,353		9,036,353
Tuition charges				218,354		218,354
Investment earnings				4,941		4,941
Miscellaneous income				46,849		46,849
<b>Total general revenues, special items, extraordinary items, and transfers</b>				<b>22,711,629</b>		<b>22,711,629</b>
Change in net position				(209,463)	\$ 100,908	(108,555)
Net position - beginning				10,160,563	320,101	10,480,664
Net position - end				<b>\$ 9,951,100</b>	<b>\$ 421,009</b>	<b>\$ 10,372,109</b>

## **FUND FINANCIAL STATEMENTS**

MANTUA TOWNSHIP SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2017

	General Fund	Special Revenue Fund	Totals FY 2017
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,100,610		\$ 1,100,610
Interfund receivable	10,080		10,080
Receivables from other governments	69,478	\$ 159,337	228,815
Restricted cash and cash equivalents	524,641		524,641
Total assets	<u>\$ 1,704,809</u>	<u>\$ 159,337</u>	<u>1,864,146</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Cash overdraft		\$ 57,037	57,037
Accounts payable	\$ 238,260	75,766	314,026
Payable to state government		20,860	20,860
Deferred revenue - local	7,031	5,674	12,705
Total liabilities	<u>245,291</u>	<u>159,337</u>	<u>404,628</u>
Fund balances:			
Restricted for:			
Excess surplus - current year	346,571		346,571
Excess surplus - prior year designated for subsequent year's expenditures	313,850		313,850
Maintenance reserve	240,197		240,197
Capital reserve account	284,444		284,444
Assigned to:			
Other purposes	504,690		504,690
Unassigned:			
General fund	(230,234)		(230,234)
Total fund balances	<u>1,459,518</u>		<u>1,459,518</u>
Total liabilities and fund balances	<u>\$ 1,704,809</u>	<u>\$ 159,337</u>	

MANTUA TOWNSHIP SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2017

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$34,352,578 and the accumulated depreciation is \$15,574,380 (see Note 6).	\$ 18,778,198
Deferred bond issuance costs are expenses in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Position.	24,941
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(19,933)
Net pension liability adjustment for GASB 68 & 71	(6,795,150)
Premiums are recorded in Governmental Funds in the year the bonds are issued but are capitalized in the Statement of Net Position. The premium for the 2011 series is \$471,457, the amortization is \$57,146, and the accumulated amortization is \$342,876.	(128,581)
Internal Service Funds are used by management to charge the costs of certain activities, such as related services to other Districts. Assets and liabilities of the Internal Service Fund of \$52,030 are included in the governmental activities in the Statement of Net Position.	52,030
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(3,419,923)
Net position of governmental activities	<u>\$ 9,951,100</u>

MANTUA TOWNSHIP SCHOOL DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Totals FY 2017
<b>REVENUES:</b>				
Local tax levy	\$ 12,686,478		\$ 718,654	\$ 13,405,132
Tuition charges	218,354			218,354
Interest earned on investments	4,590			4,590
Interest earned on capital reserve funds	351			351
Miscellaneous	46,849	\$ 3,266		50,115
	12,956,622	3,266	718,654	13,678,542
State sources	8,646,864	71,459	374,696	9,093,019
Federal sources	14,793	602,783		617,576
<b>Total revenues</b>	<b>21,618,279</b>	<b>677,508</b>	<b>1,093,350</b>	<b>23,389,137</b>
<b>EXPENDITURES:</b>				
Current:				
Regular instruction	5,215,899			5,215,899
Special education instruction	2,693,842	505,608		3,199,450
Other special instruction	760,276			760,276
Other instruction	55,164			55,164
Support services & undistributed costs:				
Student & instruction related services	1,929,771	113,161		2,042,932
General administrative services	397,822			397,822
School administrative services	788,735			788,735
Central services	213,703			213,703
Administrative information technology	156,648			156,648
Plant operations and maintenance	1,707,951			1,707,951
Pupil transportation	871,880			871,880
Employee benefits	6,452,758	58,739		6,511,497
Debt service:				
Principal			950,000	950,000
Interest and other charges			143,350	143,350
Transfer of funds to charter school	15,894			15,894
<b>Total expenditures</b>	<b>21,260,343</b>	<b>677,508</b>	<b>1,093,350</b>	<b>23,031,201</b>
<b>Net change in fund balances</b>	<b>357,936</b>			<b>357,936</b>
Fund balance - July 1	1,101,582			1,101,582
Fund balance - June 30	<u>\$ 1,459,518</u>			<u>\$ 1,459,518</u>

MANTUA 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) \$ 357,936

Amounts reported for Governmental Activities in the Statement of Activities (A-2)  
 are different because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlay	\$ 22,035	
Depreciation expense	<u>(737,235)</u>	(715,200)

Repayment of 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.

Bond principal payments	950,000
-------------------------	---------

Governmental Funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.

Amortization of bond issuance costs	(11,086)
Amortization of premiums on bonds	57,146

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is an addition in the reconciliation.

3,959

Internal Service Funds are used by management to charge costs of certain activities such as related services. The operating income of \$5,970 are included in the Governmental Activities and Statement of Net Position.

5,970

Pension contributions are reported in Governmental Funds as expenditures. However in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.

(869,530)

In the Statement of Activities, certain operating expenses, e.g., compensated absences 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.

11,342

Change in net position of Governmental Activities

\$ (209,463)

See accompanying notes to the basic financial statements.

MANTUA TOWNSHIP SCHOOL DISTRICT  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Food Service	Latchkey Program	Totals FY 2017	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 110,933	\$ 345,371	\$ 456,304	\$ 52,030
Accounts receivable	8,521	886	9,407	
Inventories	11,021		11,021	
Total current assets	<u>130,475</u>	<u>346,257</u>	<u>476,732</u>	<u>52,030</u>
Noncurrent assets:				
Furniture, machinery & equipment	396,750		396,750	
Less: accumulated depreciation	(392,779)		(392,779)	
Total noncurrent assets	<u>3,971</u>		<u>3,971</u>	
Total assets	<u>134,446</u>	<u>346,257</u>	<u>480,703</u>	<u>52,030</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	15	37,539	37,554	
Compensated absences	22,140		22,140	
Total current liabilities	<u>22,155</u>	<u>37,539</u>	<u>59,694</u>	
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	3,971		3,971	
Unrestricted	108,320	308,718	417,038	52,030
Total net position	<u>\$ 112,291</u>	<u>\$ 308,718</u>	<u>\$ 421,009</u>	<u>\$ 52,030</u>



MANTUA TOWNSHIP SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended June 30, 2017

	Business-type Activities Enterprise Funds			Governmental Activities
	Food Service Fund	Latchkey Program	Totals FY 2017	Internal Service Fund
<b>OPERATING REVENUES:</b>				
Local sources:				
Daily sales - reimbursable programs:	\$ 136,476		\$ 136,476	
Daily sales - non-reimbursable programs	93,907		93,907	
Other		\$ 389,288	389,288	\$ 82,298
Total operating revenue	230,383	389,288	619,671	82,298
<b>OPERATING EXPENSES:</b>				
Salaries	129,406	287,611	417,017	76,328
Employee benefits	10,081	21,878	31,959	
Supplies and materials	14,797	44,635	59,432	
Purchased property services	3,522		3,522	
Cleaning, repair and maintenance	5,544		5,544	
Depreciation	655		655	
Cost of sales - reimbursable	119,647		119,647	
Cost of sales - non-reimbursable	43,070		43,070	
Miscellaneous other expenses	1,751	4,056	5,807	
Total operating expenses	328,473	358,180	686,653	76,328
Operating income (loss)	(98,090)	31,108	(66,982)	5,970
<b>NON-OPERATING REVENUES:</b>				
State sources:				
National school lunch program - state	3,813		3,813	
Federal sources:				
National school lunch program	118,126		118,126	
Breakfast program	10,163		10,163	
Food distribution program	35,788		35,788	
Total non-operating revenues (expenses)	167,890		167,890	
Net income loss	69,800	31,108	100,908	5,970
Total net position - beginning	42,491	277,610	320,101	46,060
Total net position - ending	\$ 112,291	\$ 308,718	\$ 421,009	\$ 52,030

MANTUA TOWNSHIP SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2017

	Business-type Activities Enterprise Funds			Governmental Activities
	Food Service Fund	Latchkey Program	Totals FY 2017	Internal Service Fund
Cash flows from operating activities:				
Receipts from customers	\$ 230,227	\$ 390,981	\$ 621,208	\$ 82,298
Payments to suppliers	(156,765)	(47,207)	(203,972)	
Payments to employees	(143,515)	(287,611)	(431,126)	(76,328)
Payments for employee benefits	(10,081)	(21,878)	(31,959)	
Net cash provided (used) by operating activities	(80,134)	34,285	(45,849)	5,970
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	129,997		129,997	
Net cash provided by non-capital financing activities	129,997		129,997	
Net increase in cash and cash equivalents	49,863	34,285	84,148	5,970
Cash and cash equivalents - July 1	61,070	311,086	372,156	46,060
Cash and cash equivalents - June 30	\$ 110,933	\$ 345,371	\$ 456,304	\$ 52,030
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (98,090)	\$ 31,108	\$ (66,982)	\$ 5,970
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	655		655	
Food distribution program	35,788		35,788	
Change in assets and liabilities:				
(Increase) decrease in inventory	(3,387)		(3,387)	
(Increase) decrease in accounts receivable	(156)	1,693	1,537	
Increase (decrease) in accounts payable	(836)	1,484	648	
Increase in compensated absences	(14,108)		(14,108)	
	\$ (80,134)	\$ 34,285	\$ (45,849)	\$ 5,970

MANTUA TOWNSHIP SCHOOL DISTRICT  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017

	<u>Scholarship Trust Fund</u>	<u>Agency Funds</u>	<u>Totals FY 2017</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,070	\$ 59,001	\$ 60,071
Total assets	<u>\$ 1,070</u>	<u>\$ 59,001</u>	<u>60,071</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payroll deductions and withholdings		\$ 4,824	4,824
Due to student groups		44,097	44,097
Interfund payable - General Fund		10,080	10,080
Total current liabilities		<u>\$ 59,001</u>	<u>59,001</u>
<b>NET POSITION</b>			
Held in trust for scholarships	<u>\$ 1,070</u>		<u>\$ 1,070</u>

MANTUA TOWNSHIP SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended June 30, 2017

	Scholarship Trust Fund
<b>ADDITIONS</b>	
Investment earnings:	
Interest	\$ 2
Total additions	2
<b>DEDUCTIONS</b>	
Scholarship payments	200
Change in net position	(198)
Net position - beginning of year	1,268
Net position - end of year	\$ 1,070

## **NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The Mantua Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of Mantua Township School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB).

The more significant accounting policies established in (GAAP) and used by the District are discussed below.

**A. Reporting Entity**

The Mantua Township School District is a Type II District located in the County of Gloucester, State of New Jersey. As a Type II District, the School District functions, independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades PreK-8.

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

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

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

**B. Government-wide Statements**

The School District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects, and debt service are classified as governmental activities. The District's food service and latchkey programs are classified as business-type activities.

In the Government-wide Statement of Net Position, both the Governmental and Business-type Activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts:

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide Statements (Continued)**

invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student, and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions, and TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**C. Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The District reports the following Governmental Funds:

**GOVERNMENTAL FUNDS**

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District:

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

As required by the New Jersey State Department of Education, the District included 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.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

**PROPRIETARY FUNDS**

The focus of the Proprietary Funds measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

**Enterprise Funds** - The Enterprise Funds account for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund, and the Latchkey Program Fund.

**Internal Service Fund** - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

**FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and therefore not available to support District programs. The reporting focus is on net position. Changes in net position and are reported using accounting principles similar to Proprietary Funds.



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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FIDUCIARY FUNDS (CONTINUED)**

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's Fiduciary Funds are presented in the Fiduciary Fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The fiduciary funds include Student Activity Fund, Payroll, and Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made, regardless of the measurement focus applied.

Both Governmental and Business-type Activities in the Government-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

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.

**E. Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, 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 agency obligations and

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Cash and Cash Equivalents (Continued)**

certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For purposes of determining cash equivalents, the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. (NJSA 18A:20-37) provides a list of permissible investments that may be purchased by New Jersey School Districts.

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

NJSA 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 depository unless such funds are secured in accordance with the Act. 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 of at least 5% 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.

**F. Inventories**

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2017, consisted of the following:

Food - commodities	\$	6,552
Supplies		1,699
Food		2,770
	\$	<u>11,021</u>

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

**G. Capital Assets**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Capital Assets (Continued)**

and maintenance are expensed as incurred. Depreciation on all assets is computed using the straight-line method over the estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

GASB No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The District has included infrastructure assets in the current fiscal year.

**H. Revenues**

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its School District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**I. Expenditures**

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

**J. Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted in the period in which such services are rendered or in which such events take place. In Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide Financial Statements as a Governmental Activity.

In Proprietary and similar Trust Funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Interfund Receivables/Payables**

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Position, except for amounts due between Governmental and Business-type Activities or Governmental and Agency Funds, which are presented as internal balances.

**L. Accrued Salaries and Wages**

None of the School District's employees who provide services to the District over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

**M. 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 for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund, as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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 June state aid payments 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.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Budgets/Budgetary Control (Continued)**

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grants 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.

**N. 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 Special Revenue Fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

**O. Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**P. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, Governmental Fund payables and accrued liabilities that once incurred; are paid in a timely manner and in full from current financial resources; are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds, are reported as liabilities on the fund financial statements, only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Q. Allocation of Indirect Expenses**

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

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Extraordinary and Special Items**

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

**S. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**T. Net Position**

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

**U. Fund Balance Reserves**

**Fund Balance** - The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

**Non-spendable** - The non-spendable fund balance 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

**Restricted** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Committed** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, 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) it employed to previously commit those amounts.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**U. Fund Balance Reserves (Continued)**

**Assigned** - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

**Unassigned** - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available. The District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**V. Recent Accounting Pronouncements Not Yet Effective**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, is anticipated to have an effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**V. Recent Accounting Pronouncements Not Yet Effective (Continued)**

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

**NOTE 2: CASH AND CASH EQUIVALENTS**

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2017 and 2016, was \$2,136,619 and \$1,561,504. As of June 30, 2017 and 2016, \$0 of the District's bank balance of \$2,483,533 and \$1,911,460, respectively, was exposed to Custodial Credit Risk.

**NOTE 3: INVESTMENTS**

As of June 30, 2017 and 2016, the District did not have any investments.

**Interest Rate Risk** - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk** - NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; Government Money Market Mutual Funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The District places no limit on the amount the District may invest in any one issuer.

**NOTE 4: RECEIVABLES**

Receivables at June 30, 2017, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business-type Activities
State aid	\$ 39,732	\$ 232
Other	29,747	1,042
Federal aid	159,336	8,133
	<u>\$ 228,815</u>	<u>\$ 9,407</u>



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

**NOTE 5: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board of Education by inclusion of \$1,000 on October 9, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The June 30, 2017, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2016	\$ 234,093
Interest earnings	351
Board resolution	<u>50,000</u>
Ending balance, June 30, 2017	<u><u>\$ 284,444</u></u>

**NOTE 6: CAPITAL ASSETS**

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2017.

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

**NOTE 6: CAPITAL ASSETS (CONTINUED)**

	Balance July 1, 2016	Additions	Disposals/ Adjustments	Balance June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Sites (land)	\$ 110,027			\$ 110,027
Total capital assets not being depreciated	110,027			110,027
Land improvements	768,630			768,630
Building & building improvements	31,678,282	\$ 12,050		31,690,332
Machinery & equipment	1,793,076	9,985	\$ 19,472	1,783,589
Totals at historical cost	34,239,988	22,035	19,472	34,242,551
Less: accumulated depreciation				
Land improvements	(469,767)	(20,007)		(489,774)
Building & building improvements	(13,285,922)	(617,174)		(13,903,096)
Machinery & equipment	(1,100,928)	(100,054)	19,472	(1,181,510)
Total accumulated depreciation	(14,856,617)	(737,235)	19,472	(15,574,380)
Governmental activities capital assets, net	\$ 19,493,398	\$ (715,200)		\$ 18,778,198
Business-type activities:				
Machinery & equipment	\$ 396,750			\$ 396,750
Less: accumulated depreciation	(392,124)	\$ (655)		(392,779)
Business-type capital assets, net	\$ 4,626	\$ (655)	None	\$ 3,971

Depreciation was charged to the following governmental programs:

Instruction	\$ 34,929
Support administration	4,418
Transportation	3,856
Operation and maintenance	2,372
Unallocated	691,660
Total	<u>\$ 737,235</u>

**NOTE 7: GENERAL LONG-TERM DEBT**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are General Obligation Bonds.

Permanently funded debt as of June 30, 2017, consisted of the following:

\$7,580,000 Refunding Bonds of 2011 dated December 8, 2011, payable in annual installments through March 1, 2020. Interest is paid semi-annually at an interest rate from 2.5% to 5%. The remaining balance as of June 30, 2017, was \$2,625,000.

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

**NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)**

**Long-Term Obligation Activity**

Changes in long-term obligations for the fiscal year ended June 30, 2017, are as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
Business-type:					
Compensated absences	\$ 36,248		\$ 14,108	\$ 22,140	
Governmental:					
Compensated absences	806,265	\$ 59,680	71,022	794,923	
Unamortized premium	185,727		57,146	128,581	\$ 57,146
Serial bonds payable	3,575,000		950,000	2,625,000	915,000
	<u>\$ 4,566,992</u>	<u>\$ 59,680</u>	<u>\$ 1,078,168</u>	<u>\$ 3,548,504</u>	<u>\$ 972,146</u>

**Bonds Payable**

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

Year Ended June 30,	Principal	Interest	Total
2018	\$ 915,000	\$ 119,600	\$ 1,034,600
2019	895,000	83,000	978,000
2020	815,000	60,750	875,750
	<u>\$ 2,625,000</u>	<u>\$ 263,350</u>	<u>\$ 2,888,350</u>

**Bonds Authorized but Not Issued**

As of June 30, 2017, the Board has \$0 of bonds authorized but not issued.

**Defeased Debt**

On December 8, 2011, the District issued refunding school bonds in the amount of \$7,580,000, with interest rates varying from 2% to 5% to advance refund bonds in the amount of \$7,960,000, with interest rates varying from 3.75% to 5%. After paying issuance costs, the net proceeds were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called. The bonds were called for redemption on March 1, 2012. The advance refunding met the requirements for an in-substance debt defeasance and the bonds were removed from the District's financial statements. As a result of the advance refunding, the District recognized an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$872,422.

**Other**

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

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

**NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)**

**Other (Continued)**

Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in Governmental Funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year-end) on the District-wide financial statements.

For the year ended June 30, 2017, it is not necessary for the Board to establish a liability for arbitrage rebate.

**NOTE 8: PENSION FUNDS**

**Description of Plans** - All eligible employees of the District are covered by the Public Employees' Retirement System, (PERS), or Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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

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

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

**NOTE 8: PENSION FUNDS (CONTINUED)**

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for 7.20% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums.

The District's contributions to PERS for the years ending June 30, 2017, 2016, and 2015, were \$276,848, \$286,535, and \$265,710, respectively, equal to the required contributions and retro adjustments for each year. The School District's contributions for TPAF for the years ending June 30, 2017, 2016, and 2015, were \$1,803,561, \$1,482,466, and \$1,160,541, respectively, were paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year.

Also, in accordance with NJSA 18A:66-66, the State of New Jersey reimbursed the District for the years ending June 30, 2017, 2016, and 2015: \$664,441, \$668,838, and \$651,112 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

The Board's total payroll for the year ended June 30, 2017, 2016, and 2015, were \$13,239,070, \$13,129,192, and \$12,609,275, covered payroll was \$9,090,270, \$9,256,564, and \$8,800,828, for TPAF and \$1,957,867, \$1,932,632, and \$2,069,920 for PERS.

For the year ended June 30, 2017, the District recognized pension expense of \$1,145,122. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,703,421	
Net difference between projected and actual earnings on pension plan investments	470,315	
Difference between expected and actual experience	133,050	
Changes in proportion and differences between District contributions and proportionate share of contributions		189,802
District contributions subsequent to the measurement date	275,592	
	<u>\$ 2,582,378</u>	<u>\$ 189,802</u>

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

**NOTE 8: PENSION FUNDS (CONTINUED)**

\$275,592, reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2018	\$ 505,397
2019	505,396
2020	595,302
2021	432,636
2022	78,253
Thereafter	0
	\$ 2,116,984

Additional information – Collective balances at June 30, 2016 and 2015, are as follows:

	June 30, 2016	June 30, 2015
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
District's proportion	0.0310216604%	0.0333284169%

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The District's contributions to DCRP for the years ending June 30, 2017, 2016, and 2015, were \$22,482, \$19,621, and \$15,396.

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

**NOTE 9: POST-EMPLOYMENT 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 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: DEFERRED COMPENSATION**

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

Lincoln Investment Planning, Inc.

MetLife

**NOTE 11: COMPENSATED ABSENCES**

The District accounts for compensated absences using the termination method (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 that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Eligible administrators may bank unused vacation up to the total number of vacation days earned per year. Any unused vacation days which result in an

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

**NOTE 11: COMPENSATED ABSENCES (CONTINUED)**

employee exceeding the allowable number of banked days on June 30 of any given year will be forfeited. Teachers are entitled to eleven sick days per school year and are permitted to accumulate these days from year to year with no maximum limit. In order to be reimbursed for unused sick time, the teacher must have a minimum of fifty days accumulated at the end of the academic year in which their retirement is executed. Under the current contract, a teacher will only be reimbursed up to a maximum of (\$7,200) 120 days at a rate of \$60 per day. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the governmental fund at June 30, 2017, is \$794,923. The liability for compensated absences in the food service fund at June 30, 2017, is \$22,140.

**NOTE 12: LABOR CONTRACTS**

As of June 30, 2017, there are the following collective bargaining units in the Mantua Township Board of Education. Contracts are continually being negotiated and the following table shows their current status.

	<u>Category</u>	<u>Expiration</u>	<u>Covers</u>
Education Association	Teachers	6/30/2017	All teachers, teaching assistants, nurses, social workers, etc., excluding administrators
Administrator's Association	Administrators	6/30/2017	Principals, Vice-Principals, supervisor of curriculum, and supervisor of special education

**NOTE 13: EMPLOYEE BENEFITS**

The district established and maintains a cafeteria plan for health benefits required by NJSA 18A:16-19.1 as amended by P.L. 2011, c.78, s.51. The District entered into a pre-tax benefits plan with AmeriFlex. The medical care reimbursement plan maximum amount for staff was \$2,500.

**NOTE 14: RISK MANAGEMENT**

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

**Property and Liability Insurance:**

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2017, the District did not incur claims in excess of their coverage.



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

**NOTE 14: RISK MANAGEMENT (CONTINUED)**

**Property and Liability Insurance (Continued):**

The District is a member of the New Jersey School Boards Association Insurance Group - ERIC - South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

**NOTE 15: OPERATING LEASES**

The District has commitments to lease copiers under non-cancelable operating leases spanning 48 months. Monthly payments range from \$342 - \$1,006 per month. Total lease payments made during the year ended June 30, 2017, amounted to \$56,706. Future minimum lease payments are as follows:

Year Ended	Amount
June 30,	
2018	\$ 61,868
2019	58,795
2020	51,756
2021	51,231
	\$ 223,650

**NOTE 16: FUND BALANCE APPROPRIATED**

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

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

**NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)**

Specific classifications of fund balance are summarized below:

**Non-Spendable Fund Balance** - The District had no non-spendable fund balance at June 30, 2017.

**Restricted Fund Balance:**

**Capital Reserve Account** - Of the \$284,444 balance in the capital reserve account at June 30, 2017, \$0 has been designated for utilization in the 2017-2018 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

**Maintenance Reserve Account** - Of the \$240,197 balance in the maintenance reserve account at June 30, 2017, \$0 has been designated for utilization in the 2017-2018 budget. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

**Excess Surplus** - At June 30, 2017, excess surplus created in FY 2016 of \$313,850, will be utilized for expenditures in the 2017-2018 budget, while excess surplus created in FY 2017 of \$346,571 is restricted and will be utilized for budget expenditures in 2018-2019.

**Debt Service Fund** - At June 30, 2017, there was \$0 fund balance.

**Committed Fund Balance** - The District had no committed fund balance at June 30, 2017.

**Assigned Fund Balance** - As of June 30, 2017, the District had \$504,690 of assigned fund balance. The balance consisted of \$504,690 of encumbrances outstanding for purchase orders and contracts signed by the District, but not completed, \$0 funds designated for subsequent year's expenditures that the District has appropriated and included as anticipated revenue for the year ending June 30, 2018.

**Unassigned Fund Balance** - At June 30, 2017, the District has (\$230,234) of unassigned fund balance in the General Fund.

**NOTE 17: CALCULATION OF EXCESS SURPLUS**

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. 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, is \$660,421.

**NOTE 18: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$230,234 (Exhibit B-1) in the General Fund as of June 30, 2017, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event June state school aid payments are not made until the following

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

**NOTE 18: DEFICIT FUND BALANCES (CONTINUED)**

school budget year, districts must record the June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, and liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the state is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

**NOTE 19: ECONOMIC DEPENDENCY**

The District is heavily reliant on state aid and local tax levy to fund the District operations. State sources funded approximately 38.9% of the District's 2016-2017 Governmental Fund revenue, while local tax levy accounted for approximately 57.3%.

**NOTE 20: INTERFUND RECEIVABLES AND PAYABLES**

The interfund balances remaining on the balance sheet at June 30, 2017.

	From	To
General fund	\$ 10,080	
Agency fund		\$ 10,080
	\$ 10,080	\$ 10,080

**NOTE 21: COMMITMENTS AND CONTINGENCIES**

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

It is the opinion of the administration and legal counsels, that there exists no litigation or contingent liability that may be pending against the Mantua Township School District that would have a material or adverse effect on the Board or the financial position of the District.

**NOTE 22: TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these

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

**NOTE 22: TAX ABATEMENTS**

financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

The Township of Mantua 2016 audit for the year ended December 31, 2016, is not available as of the date of this audit.

**NOTE 23: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and October 20, 2017, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 12,686,478		\$ 12,686,478	\$ 12,686,478	
Tuition from individuals	75,000		75,000	133,273	\$ 58,273
Tuition from other LEA's within state	57,000		57,000	85,081	28,081
Interest on investments	5,000		5,000	4,590	(410)
Interest on capital reserve funds	100		100	351	251
Miscellaneous	36,200		36,200	46,849	10,649
<b>Total - local sources</b>	<b>12,859,778</b>		<b>12,859,778</b>	<b>12,956,622</b>	<b>96,844</b>
State sources:					
Equalization aid	5,286,989		5,286,989	5,286,989	
Special education aid	731,840		731,840	731,840	
Security aid	24,998		24,998	24,998	
Transportation aid	94,099		94,099	94,099	
PARCC readiness aid	11,490		11,490	11,490	
Per pupil growth aid	11,490		11,490	11,490	
Professional learning community aid	10,795		10,795	10,795	
Nonpublic transportation aid				6,590	6,590
Teachers' pension and annuity fund (on-behalf non-budgeted)				982,421	982,421
TPAF post-retirement (on-behalf non-budgeted)				818,581	818,581
TPAF long-term disability (on-behalf non-budgeted)				2,559	2,559
Reimbursed TPAF social security contributions (non-budgeted)				664,441	664,441
<b>Total - state sources</b>	<b>6,171,701</b>		<b>6,171,701</b>	<b>8,646,293</b>	<b>2,474,592</b>
Federal sources:					
Medicaid reimbursement-ARRA		\$ 374	374	374	
Medicaid reimbursement	21,193		21,193	14,419	(6,774)
<b>Total - federal sources</b>	<b>21,193</b>	<b>374</b>	<b>21,567</b>	<b>14,793</b>	<b>(6,774)</b>
<b>Total revenues</b>	<b>\$ 19,052,672</b>	<b>\$ 374</b>	<b>\$ 19,053,046</b>	<b>\$ 21,617,708</b>	<b>\$ 2,564,662</b>

MANTUA TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 469,176	\$ 15,041	\$ 484,217	\$ 479,395	\$ 4,822
Grades 1-5	3,934,395	(11,974)	3,922,421	3,885,174	37,247
Grades 6-8	506,037	(47,541)	458,496	454,806	3,690
Regular programs - home instruction:					
Salaries of teachers	5,000	2,683	7,683	7,683	
Regular programs - undistributed instruction:					
Other salaries for instruction	21,742	18,591	40,333	40,281	52
Other purchased services (400-500 series)	600	(490)	110	110	
General supplies	290,979	299,695	590,674	298,044	292,630
Textbooks	18,714	31,693	50,407	50,406	1
Miscellaneous expenditures	1,500	(1,500)			
<b>Total regular programs</b>	<b>5,248,143</b>	<b>306,198</b>	<b>5,554,341</b>	<b>5,215,899</b>	<b>338,442</b>
Learning and/or language disabilities:					
Salaries of teachers	293,027		293,027	292,206	821
Other salaries for instruction	191,781	(39,181)	152,600	149,201	3,399
General supplies	9,800	2,885	12,685	4,679	8,006
<b>Total learning and/or language disabilities</b>	<b>494,608</b>	<b>(36,296)</b>	<b>458,312</b>	<b>446,086</b>	<b>12,226</b>
Multiple disabilities:					
Salaries of teachers	53,100	(114)	52,986	52,924	62
Other salaries for instruction	86,663	53,923	140,586	140,584	2
General supplies	4,065	65	4,130	4,125	5
<b>Total multiple disabilities</b>	<b>143,828</b>	<b>53,874</b>	<b>197,702</b>	<b>197,633</b>	<b>69</b>
Resource room:					
Salaries of teachers	1,479,038	40,549	1,519,587	1,519,585	2
Other salaries for instruction	240,770	(17,388)	223,382	223,051	331
General supplies	6,545	6,870	13,415	6,176	7,239
Textbooks	1,000	(80)	920	727	193
<b>Total resource room</b>	<b>1,727,353</b>	<b>29,951</b>	<b>1,757,304</b>	<b>1,749,539</b>	<b>7,765</b>
Preschool disabilities - part-time:					
Salaries of teachers	181,715	12,146	193,861	193,791	70
Other salaries for instruction	98,250	2,376	100,626	100,340	286
General supplies	3,243	3,791	7,034	3,034	4,000
<b>Total preschool disabilities - part-time</b>	<b>283,208</b>	<b>18,313</b>	<b>301,521</b>	<b>297,165</b>	<b>4,356</b>



MANTUA TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Home instruction:					
Purchased professional - educational services	7,000	(1,487)	5,513	3,419	2,094
Total home instruction	7,000	(1,487)	5,513	3,419	2,094
Total special education	2,655,997	64,355	2,720,352	2,693,842	26,510
Basic skills/remedial:					
Salaries of teachers	750,407	(68,340)	682,067	682,065	2
Other salaries for instruction	103,401	(31,385)	72,016	72,014	2
General supplies	8,300		8,300	6,197	2,103
Total basic skills/remedial	862,108	(99,725)	762,383	760,276	2,107
Bilingual:					
Salaries of teachers	2,000		2,000	1,785	215
General supplies	500		500		500
Total bilingual	2,500		2,500	1,785	715
School sponsored co-curricular activities:					
Salaries	40,000	13,379	53,379	53,379	
Total school sponsored co-curricular activities	40,000	13,379	53,379	53,379	
School sponsored athletics - instruction:					
Salaries	1,000	(850)	150		150
Total school sponsored athletics - instruction	1,000	(850)	150		150
Total other instructional programs	905,608	(87,196)	818,412	815,440	2,972
Total - instruction	8,809,748	283,357	9,093,105	8,725,181	367,924
Undistributed expenditures:					
Instruction					
Tuition to other LEA's within state-regular	4,106	37,638	41,744	41,443	301
Total tuition	4,106	37,638	41,744	41,443	301
Health services:					
Salaries	289,233	1,291	290,524	290,388	136
Purchased professional/technical services	9,165	(330)	8,835	8,535	300
Other purchased services (400-500 series)	2,600		2,600	2,457	143
Supplies and materials	20,200	(411)	19,789	15,071	4,718
Total health services	321,198	550	321,748	316,451	5,297

MANTUA TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Related services:					
Salaries of teachers	449,210	8,150	457,360	457,218	142
General supplies	16,175	329	16,504	6,685	9,819
Total related services	465,385	8,479	473,864	463,903	9,961
Guidance services:					
Salaries of other professional staff	149,585	(38,244)	111,341	108,115	3,226
Purchased professional - education services	3,498	(44)	3,454	3,379	75
Purchased professional - technical services	17,500	289	17,789	17,500	289
Other purchased services (400-500 series)	325		325		325
Supplies and materials	3,550	211	3,761	3,321	440
Total guidance services	174,458	(37,788)	136,670	132,315	4,355
Child study team:					
Salaries of other professional staff	394,520	(17,973)	376,547	372,595	3,952
Salaries of secretarial and clerical assistants	90,790	1,201	91,991	88,946	3,045
Purchased professional - educational services	2,500	1,580	4,080		4,080
Purchased professional - technical services	53,408	(1,775)	51,633	39,011	12,622
Other purchased services (400-500 series)	2,500		2,500	1,983	517
Supplies and materials	24,904		24,904	18,907	5,997
Other objects	870	195	1,065	1,015	50
Total child study team services	569,492	(16,772)	552,720	522,457	30,263
Improvement of instructional services/ other support services - instructional staff:					
Salaries of supervisors of instruction	51,460		51,460	51,455	5
Salaries of secretarial and clerical assistants	26,335	539	26,874	26,874	
Purchased professional - educational services	3,500	(168)	3,332	3,321	11
Other purchased services (400-500 series)	3,000	(1,457)	1,543	482	1,061
Supplies and materials	10,000	74	10,074	10,074	
Other objects	500	(372)	128	89	39
Total improvement of instructional services/ other support services - instructional staff	94,795	(1,384)	93,411	92,295	1,116
Educational media services/school library:					
Salaries	169,910	(34,467)	135,443	128,051	7,392
Other purchased services (400-500 series)	3,800		3,800	3,570	230
Supplies and materials	34,243		34,243	19,660	14,583
Total educational media services/school library	207,953	(34,467)	173,486	151,281	22,205

MANTUA TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Instructional staff training:					
Salaries of supervisors of instruction	51,460		51,460	51,456	4
Salaries of other professional staff	63,392	3,668	67,060	67,057	3
Salaries of secretarial and clerical assistants	26,332	542	26,874	26,874	
Purchased professional - educational services	8,500	(7,910)	590	500	90
Purchased professional - technical services	500	(492)	8		8
Other purchased services (400-500 series)	22,000	41,495	63,495	61,464	2,031
Supplies and materials	2,500	(225)	2,275	2,275	
<b>Total instructional staff training</b>	<b>174,684</b>	<b>37,078</b>	<b>211,762</b>	<b>209,626</b>	<b>2,136</b>
Support services general administration:					
Salaries	196,284	5,205	201,489	201,448	41
Legal services	15,085	(2,400)	12,685	7,058	5,627
Audit fees	15,200	(300)	14,900	14,900	
Other professional services	18,395	(2,154)	16,241	6,798	9,443
Communications/telephone	60,500	(5,069)	55,431	52,141	3,290
Other purchased services (400-500 series)	81,700	(6,524)	75,176	65,948	9,228
Supplies and materials	23,229	17,950	41,179	36,209	4,970
Miscellaneous expenditures	5,450	(1,384)	4,066	4,065	1
BOE member dues/fees	10,000	(740)	9,260	9,255	5
<b>Total support services general administration</b>	<b>425,843</b>	<b>4,584</b>	<b>430,427</b>	<b>397,822</b>	<b>32,605</b>
Support services school administration:					
Salaries of principals/assistant principals	419,715	18,823	438,538	438,538	
Salaries of secretarial and clerical assistants	238,960	26,161	265,121	265,120	1
Purchased professional - educational services	31,150	(186)	30,964	28,386	2,578
Other purchased services (400-500 series)	2,875	(290)	2,585	2,585	
Supplies and materials	73,757	(21,539)	52,218	52,217	1
Other objects	2,225	(253)	1,972	1,889	83
<b>Total support services school administration</b>	<b>768,682</b>	<b>22,716</b>	<b>791,398</b>	<b>788,735</b>	<b>2,663</b>
Central services:					
Salaries	185,195	746	185,941	181,939	4,002
Purchased technical services	31,360		31,360	26,730	4,630
Other purchased services (400-500 series)	1,500		1,500	984	516
Supplies and materials	5,000	(1,196)	3,804	1,865	1,939
Other objects	1,000	1,196	2,196	2,185	11
<b>Total central services</b>	<b>224,055</b>	<b>746</b>	<b>224,801</b>	<b>213,703</b>	<b>11,098</b>

MANTUA TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administration information technology:					
Salaries	92,110	26,700	118,810	114,363	4,447
Purchased technical services	1,000	7,186	8,186		8,186
Other purchased services (400-500 series)	21,300	(1,186)	20,114	19,217	897
Supplies and materials	30,000	(6,500)	23,500	22,408	1,092
Other objects	1,000		1,000	660	340
Total administration information technology	145,410	26,200	171,610	156,648	14,962
Required maintenance:					
Cleaning, repair, and maintenance services	120,381	87,833	208,214	175,256	32,958
General supplies	67,873	85,815	153,688	84,287	69,401
Total required maintenance	188,254	173,648	361,902	259,543	102,359
Custodial services:					
Salaries non-instructional aides	226,198	(19,975)	206,223	206,190	33
Other salaries	645,846	(34,457)	611,389	611,382	7
Purchased professional - technical services	8,050	(6,500)	1,550	1,550	
Cleaning, repair, and maintenance services	43,000	(41,000)	2,000	2,000	
Rental of land, building & other lease purchases	4,400	85	4,485	83	4,402
Other purchased property services	34,000	(758)	33,242	31,476	1,766
Insurance	100,000	(7,517)	92,483	92,483	
Miscellaneous purchased services	750	(465)	285	285	
General supplies	86,424	17,631	104,055	42,083	61,972
Natural gas	70,000	(51,149)	18,851	18,851	
Electricity	465,000	(22,975)	442,025	442,025	
Total custodial services	1,683,668	(167,080)	1,516,588	1,448,408	68,180
Total operation & maintenance of plant services	1,871,922	6,568	1,878,490	1,707,951	170,539
Student transportation services:					
Contracted services (other than between home and school) - vendors	115,376	(27,300)	88,076	75,362	12,714
Contracted services (between home and school ) - joint agreements	893,888	(102,425)	791,463	734,694	56,769
Contracted services (special education students) - vendors	76,230		76,230	49,375	26,855
Aid in lieu - nonpublic	15,000		15,000	12,449	2,551
Total student transportation services	1,100,494	(129,725)	970,769	871,880	98,889

MANTUA TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits:					
Social security contributions	260,000	10,642	270,642	270,642	
Other retirement contributions - PERS	310,000		310,000	307,478	2,522
Unemployment compensation	55,000	2,757	57,757	57,756	1
Workers' compensation	170,000	(13,399)	156,601	134,351	22,250
Health benefits	3,341,203	(265,366)	3,075,837	3,019,159	56,678
Tuition reimbursement	40,000		40,000	35,478	4,522
Other employee benefits	85,000	940	85,940	85,937	3
Unused sick payments	16,935	57,020	73,955	73,955	
<b>Total unallocated benefits</b>	<b>4,278,138</b>	<b>(207,406)</b>	<b>4,070,732</b>	<b>3,984,756</b>	<b>85,976</b>
Teachers' pension and annuity fund (on-behalf non-budgeted)				982,421	(982,421)
TPAF post-retirement (on-behalf non-budgeted)				818,581	(818,581)
TPAF long-term disability (on-behalf non-budgeted)				2,559	(2,559)
Reimbursed TPAF social security contributions (non-budgeted)				664,441	(664,441)
<b>Total non-budgeted</b>				<b>2,468,002</b>	<b>(2,468,002)</b>
	10,826,615	(282,983)	10,543,632	12,519,268	(1,975,636)
<b>Total expenditures - current expense</b>	<b>19,636,363</b>	<b>374</b>	<b>19,636,737</b>	<b>21,244,449</b>	<b>(1,607,712)</b>
Transfer of funds to charter schools	15,894		15,894	15,894	
<b>Total expenditures</b>	<b>19,652,257</b>	<b>374</b>	<b>19,652,631</b>	<b>21,260,343</b>	<b>(1,607,712)</b>
Excess (deficiency) of revenues over (under) expenditures	(599,585)		599,585	357,365	956,950
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(599,585)		599,585	357,365	956,950
Fund balances - July 1	1,714,824		1,714,824	1,714,824	
<b>Fund balances - June 30</b>	<b>\$ 1,115,238</b>		<b>\$ 2,314,409</b>	<b>\$ 2,072,189</b>	<b>\$ 956,950</b>

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Recapitulation:</b>					
<b>Restricted fund balance:</b>					
Capital reserve				\$ 284,444	
Maintenance reserve				240,197	
Excess surplus - designated for subsequent year's expenditures				313,850	
Excess surplus - current year				346,571	
<b>Assigned fund balance:</b>					
Year-end encumbrances				504,690	
<b>Unassigned fund balance</b>					
				<u>382,437</u>	
				2,072,189	
Reconciliation to Governmental Fund statements (GAAP):					
Last state aid payment not recognized on GAAP basis				<u>(612,671)</u>	
Fund balance per Governmental Funds (GAAP)				<u><u>\$ 1,459,518</u></u>	

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal sources	\$ 436,000	\$ 268,191	\$ 704,191	\$ 602,783	\$ 101,408
State sources	64,000	28,319	92,319	71,459	20,860
Local sources		8,940	8,940	3,266	5,674
<b>Total revenues</b>	<b>\$ 500,000</b>	<b>\$ 305,450</b>	<b>\$ 805,450</b>	<b>\$ 677,508</b>	<b>\$ 127,942</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$ 210,000	\$ 32,907	\$ 242,907	\$ 211,902	\$ 31,005
Other salaries for instruction	201,000	32,463	233,463	233,463	
Purchased professional - educational services	14,912	568	15,480	14,400	1,080
General supplies	28,578	26,982	55,560	9,813	45,747
Tuition	35,596	8,907	44,503	26,939	17,564
Textbooks	9,914		9,914	9,091	823
Miscellaneous		2,000	2,000		2,000
<b>Total Instruction</b>	<b>500,000</b>	<b>103,827</b>	<b>603,827</b>	<b>505,608</b>	<b>98,219</b>
Support services:					
Salaries		85,000	85,000	85,000	
Personal services - employee benefits		86,673	86,673	58,739	27,934
General supplies		29,950	29,950	28,161	1,789
<b>Total support services</b>		<b>201,623</b>	<b>201,623</b>	<b>171,900</b>	<b>29,723</b>
<b>Total expenditures</b>	<b>\$ 500,000</b>	<b>\$ 305,450</b>	<b>\$ 805,450</b>	<b>\$ 677,508</b>	<b>\$ 127,942</b>

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



MANTUA TOWNSHIP SCHOOL DISTRICT  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation  
 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.	\$ 21,617,708	[C-2]	\$ 677,508
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(612,671)		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	613,242		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] \$ 21,618,279	[B-2]	\$ 677,508
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 21,260,343	[C-2]	\$ 677,508
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] \$ 21,260,343	[B-2]	\$ 677,508

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)**

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS  
 Last Four Fiscal Years

	Fiscal Year Ended			
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0310216604%	0.0333284169%	0.0322312771%	0.0304832417%
District's proportionate share of the net pension liability (asset)	\$ 9,187,726	\$ 7,481,562	\$ 6,034,577	\$ 5,825,953
District's covered-employee payroll	1,932,632	2,069,920	2,267,881	2,218,876
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	475.40%	361.44%	266.09%	262.56%
Plan fiduciary net position as a percentage of the total pension liability	40.13%	47.92%	52.08%	48.72%
Measurement date	06/30/16	06/30/15	06/30/14	06/30/13

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Schedule of District Contributions - PERS  
 Last Four Fiscal Years

	Fiscal Year Ended			
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 275,592	\$ 286,535	\$ 265,710	\$ 229,685
Contributions in relation to the contractually required contribution	275,592	286,535	265,710	229,685
Contribution deficiency (excess)	None	None	None	None
District's covered-employee payroll	\$ 1,932,632	\$ 2,069,920	\$ 2,267,881	\$ 2,218,876
Contributions as a percentage of covered-employee payroll	14.26%	13.84%	11.72%	10.35%
Measurement date	06/30/16	06/30/15	06/30/14	06/30/13

MANTUA TOWNSHIP SCHOOL DISTRICT  
Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF  
Last Four Fiscal Years

	Fiscal Year Ended			
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0845201634%	0.0829610868%	0.0838737081%	0.0836229160%
District's proportionate share of the net pension liability (asset)	\$ 66,488,942	\$ 52,434,950	\$ 44,827,767	\$ 42,262,364
District's covered- employee payroll	9256564	8,800,828	8,545,772	8,258,102
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	718.29%	595.80%	524.56%	511.77%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%
Measurement date	06/30/16	06/30/15	06/30/14	06/30/13

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a Legal Obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

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

**MANTUA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**NOTE 1: CONTRIBUTIONS**

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**NOTE 2: 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. The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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%

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

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.



## **OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

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

	Total Brought Forward Ex. E-1a	Nonpublic Security Services	Nonpublic Handicapped Services			Totals	
			Supplemental Instruction	Exam & Classification	Corrective Speech	FY 2017	FY 2016
REVENUES:							
Federal sources	\$ 602,783					\$ 602,783	\$ 542,491
State sources	38,577	\$ 17,027	\$ 1,569	\$ 3,242	\$ 11,044	71,459	103,337
Local sources	3,266					3,266	12,143
Total revenues	<u>\$ 644,626</u>	<u>\$ 17,027</u>	<u>\$ 1,569</u>	<u>\$ 3,242</u>	<u>\$ 11,044</u>	<u>\$ 677,508</u>	<u>\$ 657,971</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$ 211,902					\$ 211,902	\$ 151,237
Other salaries for instruction	233,463					233,463	186,852
Purchased educational services	14,400					14,400	16,200
General supplies	9,813					9,813	32,797
Tuition	11,084		\$ 1,569	\$ 3,242	\$ 11,044	26,939	33,501
Textbooks	9,091					9,091	4,792
Total instruction	<u>489,753</u>		<u>1,569</u>	<u>3,242</u>	<u>11,044</u>	<u>505,608</u>	<u>425,379</u>
Support services:							
Salaries	85,000					85,000	148,559
Personal services - employee benefits	58,739					58,739	62,717
General supplies	11,134	\$ 17,027				28,161	21,316
Total support services	<u>154,873</u>	<u>17,027</u>				<u>171,900</u>	<u>232,592</u>
Total expenditures	<u>\$ 644,626</u>	<u>\$ 17,027</u>	<u>\$ 1,569</u>	<u>\$ 3,242</u>	<u>\$ 11,044</u>	<u>\$ 677,508</u>	<u>\$ 657,971</u>

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

	Total Brought Forward Ex. E-1b	Nonpublic Textbooks	Title I Part A	Title II, Part A Teacher & Principal Training & Recruiting	NJ Safety Award	Total Carried Forward
REVENUES:						
Federal sources	\$ 442,256		\$ 132,218	\$ 28,309		\$ 602,783
State sources	29,486	\$ 9,091				38,577
Local sources					\$ 3,266	3,266
Total revenues	<u>\$ 471,742</u>	<u>\$ 9,091</u>	<u>\$ 132,218</u>	<u>\$ 28,309</u>	<u>\$ 3,266</u>	<u>\$ 644,626</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 189,737			\$ 22,165		\$ 211,902
Other salaries for instruction	101,245		\$ 132,218			233,463
Purchased educational services	14,400					14,400
General supplies	6,547				\$ 3,266	9,813
Tuition	11,084					11,084
Textbooks		\$ 9,091				9,091
Total instruction	<u>323,013</u>	<u>9,091</u>	<u>132,218</u>	<u>22,165</u>	<u>3,266</u>	<u>489,753</u>
Support services:						
Salaries	85,000					85,000
Personal services - employee benefits	52,595			6,144		58,739
General supplies	11,134					11,134
Total support services	<u>148,729</u>			<u>6,144</u>		<u>154,873</u>
Total expenditures	<u>\$ 471,742</u>	<u>\$ 9,091</u>	<u>\$ 132,218</u>	<u>\$ 28,309</u>	<u>\$ 3,266</u>	<u>\$ 644,626</u>

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

	Nonpublic Auxiliary Services		Nonpublic Technology	Nonpublic Nursing Services	IDEA-Part B - Basic	IDEA Preschool	Total Carried Forward
	Compensatory Education	Transportation					
REVENUES:							
Federal sources					\$ 408,013	\$ 34,243	\$ 442,256
State sources	\$ 9,316	\$ 1,768	\$ 4,002	\$ 14,400			29,486
Total revenues	\$ 9,316	\$ 1,768	\$ 4,002	\$ 14,400	\$ 408,013	\$ 34,243	\$ 471,742
EXPENDITURES:							
Instruction:							
Salaries of teachers					\$ 162,926	\$ 26,811	\$ 189,737
Other salaries for instruction					101,245		101,245
Purchased educational services				\$ 14,400			14,400
General supplies			\$ 4,002		2,545		6,547
Tuition	\$ 9,316	\$ 1,768					11,084
Total instruction	9,316	1,768	4,002	14,400	266,716	26,811	323,013
Support services:							
Salaries					85,000		85,000
Personal services - employee benefits					45,163	7,432	52,595
General supplies					11,134		11,134
Total support services					141,297	7,432	148,729
Total expenditures	\$ 9,316	\$ 1,768	\$ 4,002	\$ 14,400	\$ 408,013	\$ 34,243	\$ 471,742

## **PROPRIETARY FUNDS**

MANTUA TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Net Position  
For the Fiscal Year Ended June 30, 2017

	Business-type Activities		Totals	
	Food Service Fund	Latchkey Program	FY 2017	FY 2016
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 110,933	\$ 345,371	\$ 456,304	\$ 372,156
Accounts receivable:				
State	232		232	191
Federal	8,133		8,133	6,068
Other	156	886	1,042	2,579
Inventory	11,021		11,021	7,634
Total current assets	<u>130,475</u>	<u>346,257</u>	<u>476,732</u>	<u>388,628</u>
Non-current assets				
Machinery and equipment	396,750		396,750	396,750
Less: accumulated depreciation	(392,779)		(392,779)	(392,124)
Total non-current assets	<u>3,971</u>		<u>3,971</u>	<u>4,626</u>
Total assets	<u>134,446</u>	<u>346,257</u>	<u>480,703</u>	<u>393,254</u>
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities:				
Accounts payable	15	37,539	37,554	36,905
Compensated absences	22,140		22,140	36,248
Total current liabilities	<u>22,155</u>	<u>37,539</u>	<u>59,694</u>	<u>73,153</u>
Net Position:				
Invested in capital assets, net of related debt	3,971		3,971	4,626
Unrestricted	108,320	308,718	417,038	315,475
Total net position	<u>\$ 112,291</u>	<u>\$ 308,718</u>	<u>\$ 421,009</u>	<u>\$ 320,101</u>

MANTUA TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2017

	Business-type Activities		Totals	
	Food Service Fund	Latchkey Program	FY 2017	FY 2016
<b>OPERATING REVENUES:</b>				
Local sources:				
Daily sales - reimbursable programs:	\$ 136,476		\$ 136,476	\$ 196,241
Daily sales - non-reimbursable programs	93,907		93,907	15,679
Tuition		\$ 389,288	389,288	393,735
<b>Total operating revenue</b>	<b>230,383</b>	<b>389,288</b>	<b>619,671</b>	<b>605,655</b>
<b>OPERATING EXPENSES:</b>				
Salaries	129,406	287,611	417,017	414,870
Employee benefits	10,081	21,878	31,959	30,369
Supplies and materials	14,797	44,635	59,432	52,625
Purchased property services	3,522		3,522	
Cleaning, repair and maintenance services	5,544		5,544	
Depreciation	655		655	568
Cost of sales - reimbursable program	119,647		119,647	161,236
Cost of sales - non-reimbursable program	43,070			
Miscellaneous other expenses	1,751	4,056	5,807	2,650
<b>Total operating expenses</b>	<b>328,473</b>	<b>358,180</b>	<b>643,583</b>	<b>662,318</b>
<b>Operating income (loss)</b>	<b>(98,090)</b>	<b>31,108</b>	<b>(23,912)</b>	<b>(56,663)</b>
<b>NON-OPERATING REVENUES:</b>				
State sources:				
National school lunch program - state	3,813		3,813	3,429
Federal sources:				
National school lunch program	118,126		118,126	97,751
Breakfast program	10,163		10,163	12,282
Special milk program				4,200
Food distribution program	35,788		35,788	28,728
<b>Total non-operating revenues (expenses)</b>	<b>167,890</b>		<b>167,890</b>	<b>146,390</b>
<b>Net income (loss) before contributions</b>	<b>69,800</b>	<b>31,108</b>	<b>100,908</b>	<b>89,727</b>
<b>Total net position - July 1</b>	<b>42,491</b>	<b>277,610</b>	<b>320,101</b>	<b>230,374</b>
<b>Total net position - June 30</b>	<b>\$ 112,291</b>	<b>\$ 308,718</b>	<b>\$ 421,009</b>	<b>\$ 320,101</b>



MANTUA TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Cash Flows  
For the Fiscal Year Ended June 30, 2017

	Business-type Activities		Totals	
	Food Service Fund	Latchkey Program	FY 2017	FY 2016
Cash flows from operating activities:				
Receipts from customers	\$ 230,227	\$ 390,981	\$ 621,208	\$ 603,276
Payments to suppliers	(156,765)	(47,207)	(203,972)	(166,570)
Payments to employees	(143,515)	(287,611)	(431,126)	(417,840)
Payments for employee benefits	(10,081)	(21,878)	(31,959)	(30,369)
Net cash provided (used) by operating activities	<u>(80,134)</u>	<u>34,285</u>	<u>(45,849)</u>	<u>(11,503)</u>
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	<u>129,997</u>		<u>129,997</u>	<u>132,707</u>
Net cash provided by non-capital financing activities	<u>129,997</u>		<u>129,997</u>	<u>132,707</u>
Cash flows from investing activities:				
Capital expenditures				(3,480)
Payments from General Fund				
Net cash provided by investing activities				<u>(3,480)</u>
Net increase in cash and cash equivalents	49,863	34,285	84,148	117,724
Cash and cash equivalents - July 1	61,070	311,086	372,156	254,432
Cash and cash equivalents - June 30	<u>\$ 110,933</u>	<u>\$ 345,371</u>	<u>\$ 456,304</u>	<u>\$ 372,156</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (98,090)	\$ 31,108	\$ (66,982)	\$ (56,663)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	655		655	568
Food distribution program	35,788		35,788	28,728
Change in assets and liabilities:				
(Increase) decrease in inventory	(3,387)		(3,387)	4,215
(Increase) decrease in accounts receivable	(156)	1,693	1,537	(2,379)
Increase (decrease) in accounts payable	(836)	1,484	648	16,998
Increase (decrease) in compensated absences	(14,108)		(14,108)	(2,970)
	<u>\$ (80,134)</u>	<u>\$ 34,285</u>	<u>\$ (45,849)</u>	<u>\$ (11,503)</u>

MANTUA TOWNSHIP SCHOOL DISTRICT  
Internal Service Fund  
Combining Schedule of Net Position  
For the Fiscal Year Ended June 30, 2017

	Related Services FY 2017	Totals FY 2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 52,030	\$ 46,060
Total current assets	\$ 52,030	\$ 46,060
<b>LIABILITIES AND NET POSITION</b>		
Net position:		
Unrestricted	\$ 52,030	\$ 46,060
Total net position	\$ 52,030	\$ 46,060

MANTUA TOWNSHIP SCHOOL DISTRICT  
Internal Service Fund  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2017

	Related Services FY 2017	Totals FY 2016
OPERATING REVENUES:		
Local sources:		
Other charges and fees	\$ 82,298	\$ 82,109
Total operating revenue	82,298	82,109
OPERATING EXPENSES:		
Salaries	76,328	75,687
Total operating expenses	76,328	75,687
Operating income (loss)	5,970	6,422
Net income (loss)	5,970	6,422
Total net position - July 1	46,060	39,638
Total net position - June 30	\$ 52,030	\$ 46,060

MANTUA TOWNSHIP SCHOOL DISTRICT  
Internal Service Fund  
Combining Schedule of Cash Flows  
For the Fiscal Year Ended June 30, 2017

	Related Services FY 2017	Totals FY 2016
Cash flows from operating activities:		
Receipts from customers	\$ 82,298	\$ 104,355
Payments to employees	(76,328)	(75,687)
Net cash provided (used) by operating activities	5,970	28,668
Net increase in cash and cash equivalents	5,970	28,668
Cash and cash equivalents - July 1	46,060	17,392
Cash and cash equivalents - June 30	\$ 52,030	\$ 46,060
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 5,970	\$ 6,422
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		22,246
	\$ 5,970	\$ 28,668

## FIDUCIARY FUNDS

MANTUA TOWNSHIP SCHOOL DISTRICT  
Combining Statement of Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2017

	Scholarship Trust Fund	Agency Funds	Totals	
			FY 2017	FY 2016
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,070	\$ 59,001	\$ 60,071	\$ 64,201
Total assets	<u>\$ 1,070</u>	<u>\$ 59,001</u>	<u>60,071</u>	<u>64,201</u>
<b>LIABILITIES</b>				
Payroll deductions and withholdings		\$ 4,824	4,824	2,988
Due to student groups		44,097	44,097	49,868
Interfund payables:				
General fund		10,080	10,080	10,077
Total liabilities		<u>\$ 59,001</u>	<u>59,001</u>	<u>62,933</u>
<b>NET POSITION</b>				
Unreserved	\$ 1,070		1,070	1,268
Total net position	<u>\$ 1,070</u>		<u>\$ 1,070</u>	<u>\$ 1,268</u>

## EXHIBIT H-2

MANTUA TOWNSHIP SCHOOL DISTRICT  
Combining Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2017

	Scholarship Trust Fund	Totals	
		FY 2017	FY 2016
ADDITIONS:			
Contributions:			
Other			\$ 250
			<u>250</u>
Investment earnings:			
Interest	\$ 2	\$ 2	2
Total additions	<u>2</u>	<u>2</u>	<u>252</u>
DEDUCTIONS:			
Scholarship payments	200	200	200
Change in net position	(198)	(198)	52
Net position - beginning of year	1,268	1,268	1,216
Net position - end of year	<u>\$ 1,070</u>	<u>\$ 1,070</u>	<u>\$ 1,268</u>

## EXHIBIT H-3

MANTUA TOWNSHIP SCHOOL DISTRICT  
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
ACTIVITIES:				
J. Mason Tomlin	\$ 24,109	\$ 62,316	\$ 60,949	\$ 25,476
Centre City	17,929	22,417	30,614	9,732
Sewell	7,830	14,463	13,404	8,889
	<u>\$ 49,868</u>	<u>\$ 99,196</u>	<u>\$ 104,967</u>	<u>\$ 44,097</u>

MANTUA TOWNSHIP SCHOOL DISTRICT  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,065	\$ 7,638,620	\$ 7,636,781	\$ 14,904
Total assets	<u>\$ 13,065</u>	<u>\$ 7,638,620</u>	<u>\$ 7,636,781</u>	<u>\$ 14,904</u>
<b>LIABILITIES</b>				
Employees' net pay		\$ 1,448,671	\$ 1,448,671	
Payroll deductions and withholdings	\$ 2,988	6,189,736	6,187,900	\$ 4,824
Interfund payable	10,077	213	210	10,080
Total liabilities	<u>\$ 13,065</u>	<u>\$ 7,638,620</u>	<u>\$ 7,636,781</u>	<u>\$ 14,904</u>



## **LONG-TERM DEBT**

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Schedule of Serial Bonds  
 June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Refunded/ Issued	Retired	Balance June 30, 2017
			Date	Amount					
Refunding Bonds of 2011	12/08/11	\$ 7,580,000	03/01/18	\$ 915,000	4.000%	\$ 3,575,000	None	\$ 950,000	\$ 2,625,000
			03/01/19	895,000	4.721%				
			03/01/20	815,000	5.000%				

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 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	\$ 718,654		\$ 718,654	\$ 718,654	
State sources:					
Debt service aid type II	374,696		374,696	374,696	
Total revenues	<u>1,093,350</u>		<u>1,093,350</u>	<u>1,093,350</u>	
EXPENDITURES:					
Regular debt service:					
Interest	143,350		143,350	143,350	
Redemption of principal	950,000		950,000	950,000	
Total regular debt service	<u>1,093,350</u>		<u>1,093,350</u>	<u>1,093,350</u>	
Total expenditures	<u>1,093,350</u>		<u>1,093,350</u>	<u>1,093,350</u>	

**STATISTICAL SECTION  
(UNAUDITED)**

**MANTUA TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION**

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	103-108
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	109-112
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	113-116
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	117-118
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	119-123

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Net Position By Component  
 Last Ten Fiscal Years  
 For the Fiscal Year Ended June 30, 2017  
 Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 10,151,786	\$ 11,049,759	\$ 11,828,652	\$ 12,614,208	\$ 13,136,960	\$ 13,771,147	\$ 14,640,335	\$ 15,278,865	\$ 15,744,806	\$ 16,029,625
Restricted	282,490	309,681	336,546	431,307	887,236	1,149,870	644,023	750,814	1,337,538	1,689,752
Unrestricted	(554,538)	(519,697)	(777,544)	(423,882)	(673,857)	(710,644)	(397,104)	(6,516,886)	(6,921,781)	(7,768,277)
Total governmental activities net position	<u>\$ 9,879,738</u>	<u>\$ 10,839,743</u>	<u>\$ 11,387,654</u>	<u>\$ 12,621,633</u>	<u>\$ 13,350,339</u>	<u>\$ 14,210,373</u>	<u>\$ 14,887,254</u>	<u>\$ 9,512,793</u>	<u>\$ 10,160,563</u>	<u>\$ 9,951,100</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 42,397	\$ 33,643	\$ 25,650	\$ 24,892	\$ 21,064	\$ 7,225	\$ 3,134	\$ 1,714	\$ 4,626	\$ 3,971
Unrestricted	131,984	134,429	130,923	210,259	239,489	207,907	193,313	228,660	315,475	417,038
Total business-type activities net position	<u>\$ 174,381</u>	<u>\$ 168,072</u>	<u>\$ 156,573</u>	<u>\$ 235,151</u>	<u>\$ 260,553</u>	<u>\$ 215,132</u>	<u>\$ 196,447</u>	<u>\$ 230,374</u>	<u>\$ 320,101</u>	<u>\$ 421,009</u>
District-wide										
Invested in capital assets, net of related debt	\$ 10,194,183	\$ 11,083,402	\$ 11,854,302	\$ 12,639,100	\$ 13,158,024	\$ 13,778,372	\$ 14,643,469	\$ 15,280,579	\$ 15,749,432	\$ 16,033,596
Restricted	282,490	309,681	336,546	431,307	887,236	1,149,870	644,023	750,814	1,337,538	1,689,752
Unrestricted	(422,554)	(385,268)	(646,621)	(213,623)	(434,368)	(502,737)	(203,791)	(6,288,226)	(6,606,306)	(7,351,239)
	<u>\$ 10,054,119</u>	<u>\$ 11,007,815</u>	<u>\$ 11,544,227</u>	<u>\$ 12,856,784</u>	<u>\$ 13,610,892</u>	<u>\$ 14,425,505</u>	<u>\$ 15,083,701</u>	<u>\$ 9,743,167</u>	<u>\$ 10,480,664</u>	<u>\$ 10,372,109</u>

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Changes In Net Assets/Net Position  
 Last Ten Fiscal Years  
 For the Fiscal Year Ended June 30, 2017  
 Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>EXPENSES:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 5,045,818	\$ 5,288,988	\$ 5,587,824	\$ 4,842,731	\$ 4,953,349	\$ 4,889,701	\$ 5,066,941	\$ 5,634,951	\$ 5,335,790	\$ 5,242,127
Special education	2,557,743	2,728,714	2,858,615	2,678,462	2,884,883	2,934,866	2,977,078	3,040,232	3,021,984	3,197,538
Other special education	528,869	539,714	631,131	639,737	979,109	865,581	892,729	899,205	977,692	840,861
Other instruction	27,359	24,207	25,728	23,010	25,680	27,558	38,082	39,950	43,717	55,164
Support services:										
Tuition	9,027		135,305	277,556	70,221					
Student and instruction and related services	1,843,055	1,899,205	1,899,942	1,729,085	1,765,268	1,888,699	1,980,664	1,959,900	2,120,664	2,022,595
General administration	377,268	393,405	343,445	326,272	369,843	398,969	393,533	378,003	383,830	414,145
School administrative services	742,758	757,711	826,899	738,464	736,617	710,083	734,176	714,276	714,895	787,267
Central services	192,937	194,727	134,749	178,605	194,168	186,202	153,580	204,758	219,780	214,941
Administrative information technology	147,008	133,053	170,371	193,570	176,294	156,603	170,226	123,971	168,687	157,593
Plant operations and maintenance	1,636,728	1,601,315	1,557,647	1,572,575	1,553,622	1,581,753	1,575,484	1,736,359	1,590,091	1,691,019
Pupil transportation	861,911	701,528	1,039,964	836,541	1,106,707	970,675	945,874	888,883	723,337	875,736
Employee benefits	4,417,275	4,210,128	4,605,251	4,709,802	5,081,005	5,401,156	5,632,643	5,906,225	6,433,133	7,381,027
Interest on long-term debt	702,198	639,688	573,537	505,788	299,776	238,165	207,756	168,557	129,457	93,331
Capital outlay		790			52,015	12,008	44,364			
Transfer to charter school					14,144					15,894
Unallocated depreciation	640,153	640,943	623,822	618,514	620,792	648,864	665,946	680,235	685,861	691,660
Total governmental activities expenses	19,730,107	19,754,116	21,014,230	19,870,712	20,883,493	20,910,883	21,479,076	22,375,505	22,548,918	23,680,898
Business-type activities:										
Food service	400,802	407,876	378,126	348,008	361,034	381,728	356,853	352,372	309,950	328,473
Childcare	355,587	316,402	354,111	298,792	308,492	284,346	291,810	312,397	352,368	358,180
Total business-type activities expense	756,389	724,278	732,237	646,800	669,526	666,074	648,663	664,769	662,318	686,653
Total District expenses	\$ 20,486,496	\$ 20,478,394	\$ 21,746,467	\$ 20,517,512	\$ 21,553,019	\$ 21,576,957	\$ 22,127,739	\$ 23,040,274	\$ 23,211,236	\$ 24,367,551
<b>PROGRAM REVENUES:</b>										
Governmental activities:										
Charges for services										
Operating grants and contributions:						\$ 28,175	\$ 119,585	\$ 119,265	\$ 82,109	\$ 82,298
Instruction (special education)	\$ 557,811	\$ 600,489	\$ 634,793	\$ 596,514	\$ 523,779	488,241	551,605	546,779	425,169	505,608
Student & instructional related services	15,072	1,979	58,358	62,919	35,428	71,967	61,908	62,742	169,875	113,161
Employee benefits	18,769	21,354	39,545	57,328	22,856	22,753	22,352	37,799	62,717	58,739
Capital outlay						11,817				
Total governmental activities program revenues	591,652	623,822	732,696	716,761	582,063	622,953	755,450	766,585	739,870	759,806

MANTUA TOWNSHIP SCHOOL DISTRICT  
Changes In Net Assets/Net Position  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2017  
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Food service	258,410	273,794	267,662	238,916	229,876	192,253	182,314	193,868	211,920	230,383
Childcare	334,551	315,636	311,725	348,765	322,445	295,488	312,952	361,102	393,735	389,288
Operating grants and contributions	108,499	126,008	140,492	134,627	142,607	134,353	134,712	139,126	146,390	167,890
Total business-type activities program revenues	701,460	715,438	719,879	722,308	694,928	622,094	629,978	694,096	752,045	787,561
Total District program revenue	<u>\$ 1,293,112</u>	<u>\$ 1,339,260</u>	<u>\$ 1,452,575</u>	<u>\$ 1,439,069</u>	<u>\$ 1,276,991</u>	<u>\$ 1,245,047</u>	<u>\$ 1,385,428</u>	<u>\$ 1,460,681</u>	<u>\$ 1,491,915</u>	<u>\$ 1,547,367</u>
Net (expense) revenue										
Governmental activities	\$ (19,138,455)	\$ (19,130,294)	\$ (20,281,534)	\$ (19,153,951)	\$ (20,301,430)	\$ (20,287,930)	\$ (20,723,626)	\$ (21,608,920)	\$ (21,809,048)	\$ (22,921,092)
Business-type activities	(54,929)	(8,840)	(12,358)	75,508	25,402	(43,980)	(18,685)	29,327	89,727	100,908
Total District-wide net expense	<u>\$ (19,193,384)</u>	<u>\$ (19,139,134)</u>	<u>\$ (20,293,892)</u>	<u>\$ (19,078,443)</u>	<u>\$ (20,276,028)</u>	<u>\$ (20,331,910)</u>	<u>\$ (20,742,311)</u>	<u>\$ (21,579,593)</u>	<u>\$ (21,719,321)</u>	<u>\$ (22,820,184)</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for government purposes	\$ 10,246,868	\$ 10,441,242	\$ 10,858,890	\$ 11,011,650	\$ 11,360,778	\$ 11,587,993	\$ 11,954,753	\$ 12,193,848	\$ 12,438,869	\$ 12,686,478
Taxes levied for debt service	1,160,873	1,147,034	1,150,986	1,249,379	874,885	778,605	843,305	789,510	753,884	718,654
Unrestricted grants and contributions	7,853,458	8,242,865	8,509,698	7,720,280	8,144,625	8,315,776	8,097,381	8,416,642	8,736,927	9,036,353
Tuition charges	171,130	204,781	247,308	326,089	477,270	298,258	434,411	394,134	456,516	218,354
Investment earnings	67,720	22,725	18,456	15,797	7,178	7,342	4,783	4,403	4,600	4,941
Miscellaneous income	52,141	31,652	44,107	64,735	165,400	159,990	65,874	36,790	66,022	46,849
Transfers								(4,600)		
Total governmental activities	<u>19,552,190</u>	<u>20,090,299</u>	<u>20,829,445</u>	<u>20,387,930</u>	<u>21,030,136</u>	<u>21,147,964</u>	<u>21,400,507</u>	<u>21,830,727</u>	<u>22,456,818</u>	<u>22,711,629</u>
Business-type activities										
Investment earnings	8,529	2,531	859							
Other				3,070		(1,441)				
Transfers								4,600		
Total business-type activities	<u>8,529</u>	<u>2,531</u>	<u>859</u>	<u>3,070</u>		<u>(1,441)</u>		<u>4,600</u>		
Total District-wide	<u>\$ 19,560,719</u>	<u>\$ 20,092,830</u>	<u>\$ 20,830,304</u>	<u>\$ 20,391,000</u>	<u>\$ 21,030,136</u>	<u>\$ 21,146,523</u>	<u>\$ 21,400,507</u>	<u>\$ 21,835,327</u>	<u>\$ 22,456,818</u>	<u>\$ 22,711,629</u>
Change in net assets/position										
Governmental activities	\$ 413,735	\$ 960,005	\$ 547,911	\$ 1,233,979	\$ 728,706	\$ 860,034	\$ 676,881	\$ 221,807	\$ 647,770	\$ (209,463)
Business-type activities	(46,400)	(6,309)	(11,499)	78,578	25,402	(45,421)	(18,685)	33,927	89,727	100,908
Total District	<u>\$ 367,335</u>	<u>\$ 953,696</u>	<u>\$ 536,412</u>	<u>\$ 1,312,557</u>	<u>\$ 754,108</u>	<u>\$ 814,613</u>	<u>\$ 658,196</u>	<u>\$ 255,734</u>	<u>\$ 737,497</u>	<u>\$ (108,555)</u>



MANTUA TOWNSHIP SCHOOL DISTRICT  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2017  
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund:										
Reserved	\$ 335,671	\$ 713,707	\$ 590,901							
Unreserved	78,021	(253,851)	(265,300)							
Restricted				\$ 431,306	\$ 622,616	\$ 1,115,278	\$ 644,023	\$ 750,814	\$ 1,051,143	\$ 1,185,062
Assigned				448,570	468,656	337,107	631,472	177,002	286,395	504,690
Unrestricted				(134,262)	(176,993)	(232,470)	(230,117)	(225,415)	(235,956)	(230,234)
Total general fund	<u>\$ 413,692</u>	<u>\$ 459,856</u>	<u>\$ 325,601</u>	<u>\$ 745,614</u>	<u>\$ 914,279</u>	<u>\$ 1,219,915</u>	<u>\$ 1,045,378</u>	<u>\$ 702,401</u>	<u>\$ 1,101,582</u>	<u>\$ 1,459,518</u>
All other governmental funds:										
Restricted										
Unrestricted, reported in:										
Special revenue fund	\$ (1,298)									
Debt service fund	<u>1</u>		<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 13,370</u>	<u>\$ 13,368</u>	<u>\$ 13,368</u>			
Total all other governmental funds	<u>\$ (1,297)</u>		<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 13,370</u>	<u>\$ 13,368</u>	<u>\$ 13,368</u>			

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Changes in Fund Balances - Governmental Funds  
 Last Ten Fiscal Years  
 Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES:</b>										
Tax levy	\$ 11,407,741	\$ 11,588,276	\$ 12,009,876	\$ 12,261,029	\$ 12,235,663	\$ 12,366,598	\$ 12,798,058	\$ 12,983,358	\$ 13,192,753	\$ 13,405,132
Tuition charges	171,130	204,781	247,308	326,089	477,270	298,258	434,411	394,134	456,516	218,354
Interest earnings	67,720	22,725	18,456	15,797	7,178	7,342	4,783	4,403	4,600	4,941
Miscellaneous	10,855	31,652	44,107	64,735	165,400	163,815	65,874	36,790	78,165	50,115
State sources	7,979,997	8,370,103	7,674,516	7,783,972	8,000,665	8,386,048	8,147,918	8,453,175	8,809,540	9,093,019
Federal sources	488,475	496,584	1,567,878	653,069	726,023	520,681	585,328	610,787	573,005	617,576
<b>Total revenue</b>	<b>20,125,918</b>	<b>20,714,121</b>	<b>21,562,141</b>	<b>21,104,691</b>	<b>21,612,199</b>	<b>21,742,742</b>	<b>22,036,372</b>	<b>22,482,647</b>	<b>23,114,579</b>	<b>23,389,137</b>
<b>EXPENDITURES:</b>										
Instruction:										
Regular	5,056,871	5,278,018	5,501,889	4,856,422	4,985,839	4,871,991	5,060,593	5,613,728	5,355,375	5,215,899
Special	2,538,759	2,720,059	2,898,351	2,664,262	2,875,313	2,903,643	2,956,847	3,038,268	3,022,457	3,199,450
Other	503,646	560,144	612,373	649,577	951,309	854,998	890,181	903,008	916,385	760,276
School sponsored/other instructional	27,359	24,207	25,728	23,010	25,680	27,558	38,082	39,950	43,717	55,164
Undistributed:										
Student & instruction related services	1,837,713	1,901,680	2,005,980	2,008,796	1,844,184	1,838,093	1,854,507	1,887,606	2,113,140	2,042,932
General administration	373,084	389,610	339,805	326,192	369,643	395,504	393,659	386,893	388,853	397,822
School administration	741,505	756,696	818,466	743,744	742,647	707,281	730,529	711,256	716,615	788,735
Central administration	192,324	194,457	135,801	177,805	192,908	184,375	152,275	203,633	220,658	213,703
Administration information technology	146,113	132,306	167,226	193,090	176,094	155,531	177,463	133,520	168,124	156,648
Operations & maintenance of plant services	1,638,717	1,750,223	1,579,480	1,587,441	1,551,178	1,580,732	1,665,843	1,888,532	1,675,563	1,707,951
Student transportation	856,174	698,267	1,036,703	833,280	1,103,446	963,558	941,203	885,027	716,220	871,880
Employee benefits	4,417,275	4,215,528	4,614,851	4,709,802	5,081,005	5,401,156	5,632,643	5,829,765	6,180,241	6,511,497
Capital outlay	105,916	70,777	31,205	10,469	199,106	308,688	490,102	98,688	51,100	
Debt service expenditures:										
Principal	1,295,000	1,335,000	1,355,000	1,395,000	1,020,000	955,000	980,000	980,000	965,000	950,000
Interest	702,198	639,688	573,537	505,788	297,669	289,000	260,350	221,150	181,950	143,350
Transfer of funds to charter school					14,144					15,894
<b>Total expenditures</b>	<b>20,432,654</b>	<b>20,666,660</b>	<b>21,696,395</b>	<b>20,684,678</b>	<b>21,430,165</b>	<b>21,437,108</b>	<b>22,224,277</b>	<b>22,821,024</b>	<b>22,715,398</b>	<b>23,031,201</b>
Excess (deficiency of revenues over (under) expenditures	(306,736)	47,461	(134,254)	420,013	182,034	305,634	(187,905)	(338,377)	399,181	357,936
Other financing sources (uses)										
Refunding bond proceeds					7,580,000					
Bond principal paid from refunding bonds					(7,960,000)					
Costs of issuance					(91,457)					
Premium on refunding bonds					471,457					
Transfers out - food Service								(4,600)		
<b>Total other financing sources (uses)</b>								<b>(4,600)</b>		
<b>Net change in fund balance</b>	<b>\$ (306,736)</b>	<b>\$ 47,461</b>	<b>\$ (134,254)</b>	<b>\$ 420,013</b>	<b>\$ 182,034</b>	<b>\$ 305,634</b>	<b>\$ (187,905)</b>	<b>\$ (342,977)</b>	<b>\$ 399,181</b>	<b>\$ 357,936</b>
Debt service as a percentage of noncapital expenditures	9.83%	9.59%	8.90%	9.19%	6.21%	5.89%	5.71%	5.29%	5.06%	4.75%

Source: District records

MANTUA TOWNSHIP SCHOOL DISTRICT  
General Fund Other Local Revenue by Source  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Insurance Dividends	Facility Rentals	Restricted Miscellaneous	Miscellaneous	Prior Year Refunds	Other Local	Annual Totals
2008		\$ 600		\$ 621	\$ 9,634		\$ 10,855
2009	\$ 16,999			2,343	12,310		31,652
2010	7,385	12,775	\$ 520	9,289	14,138		44,107
2011		15,640	1,012	5,974	42,109		64,735
2012		12,700	845	370	76,188	\$ 75,297	165,400
2013		15,600		3,192	62,028	79,170	159,990
2014		17,895		431	47,548		65,874
2015		19,960		1,724	15,106		36,790
2016		30,765		1,824	33,433		66,022
2017		29,915		228	16,706		46,849
	<u>\$ 24,384</u>	<u>\$ 155,850</u>	<u>\$ 2,377</u>	<u>\$ 25,996</u>	<u>\$ 329,200</u>	<u>\$ 154,467</u>	<u>\$ 692,274</u>

Source: District records

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2008	16,885,400	617,292,200	14,091,000	1,325,000	74,808,500	7,217,800	1,914,100	733,534,000	2,405,109	735,939,109	1,336,157,452	1.5500
2009	17,614,100	636,102,700	14,432,000	1,236,400	74,828,500	7,217,800	1,672,000	753,103,500	2,307,158	755,410,658	1,486,736,190	1.5340
2010	16,329,000	644,079,700	14,380,700	1,225,800	78,278,400	7,187,200	1,672,000	763,152,800	2,246,773	765,399,573	1,556,819,257	1.5690
2011	13,462,900	646,079,800	14,473,400	1,230,900	83,909,100	5,845,300	1,672,000	766,673,400	2,261,469	768,934,869	1,564,958,971	1.5950
2012	12,371,200	650,155,200	14,066,000	1,209,800	84,685,900	5,612,300	1,672,000	769,772,400	2,126,051	771,898,451	1,519,056,575	1.4710
2013	20,729,200	1,097,392,800	26,728,600	1,677,400	185,562,100	13,942,400	2,980,000	1,349,012,500	3,863,440	1,352,875,940	1,462,268,545	0.9780
2014	22,472,300	1,094,921,600	26,702,400	2,182,700	171,412,300	11,356,300	2,935,200	1,331,982,800	3,112,020	1,335,094,820	1,380,967,667	0.9590
2015	24,093,800	1,098,246,900	25,239,000	1,606,900	169,010,200	11,086,200	2,935,200	1,332,218,200	2,453,312	1,334,671,512	1,370,664,830	0.9730
2016	22,212,800	1,103,487,500	22,332,500	1,600,100	164,595,800	10,801,900	2,935,200	1,327,965,800	2,514,259	1,330,480,059	1,366,097,416	0.9920
2017	19,704,800	1,100,198,000	23,317,800	1,645,700	163,360,300	10,709,000	2,933,400	1,321,869,000	2,504,124	1,324,373,124	1,351,418,338	1.0120

Source: Gloucester County Board of Taxation - Abstract of Ratables.

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Direct and Overlapping Property Tax Rates  
 Per \$100 of Assessed Valuation  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates					Total Direct & Overlapping Tax Rate
				Township of Mantua	Fire District	Local Open Space	Regional School	Gloucester County	
2008	1.392	0.158	1.550	0.781	0.099	0.020	1.110	1.078	4.638
2009	1.382	0.152	1.534	0.864	0.097	0.020	1.101	1.165	4.781
2010	1.414	0.155	1.569	0.919	0.100	0.020	1.094	1.206	4.908
2011	1.432	0.163	1.595	0.920	0.101	0.020	1.166	1.206	5.008
2012	1.366	0.105	1.471	0.920	0.097	0.020	1.160	1.146	4.814
2013	0.916	0.062	0.978	0.571	0.060	0.020	0.680	0.641	2.950
2014	0.896	0.063	0.959	0.596	0.059	0.020	0.722	0.668	3.024
2015	0.914	0.059	0.973	0.616	0.067	0.020	0.753	0.681	3.110
2016	0.935	0.057	0.992	0.640	0.072	0.020	0.770	0.724	3.218
2017	0.958	0.054	1.012	0.664	0.079	0.020	0.792	0.732	3.299

Source: Gloucester County Board of Taxation - Abstract of Ratables.

MANTUA TOWNSHIP SCHOOL DISTRICT  
Principal Property Taxpayers  
Current and Nine Years Ago  
Unaudited

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
Target Corporation	14,676,900	1.11%		
Lowe's Home Center Inc.	13,984,800	1.06%		
Home Depot	10,197,000	0.77%	6,535,000	0.89%
Kohl's	9,200,000	0.69%	6,096,000	0.83%
Bellina Dev. & Brooklawn Out of Lot LLC	7,918,000	0.59%	5,535,900	0.75%
Wilkins Industrial Park	7,296,900	0.55%	4,264,800	0.58%
Route 553 Retail LLC	6,713,900	0.51%		
Timberline Plaza	6,713,000	0.51%	3,313,400	0.45%
Freeza LLC	4,922,500	0.37%		
Campbells Auto Express	4,685,700	0.35%		
Electric Mobility			4,637,200	0.63%
Paparone Housing Co.			3,012,900	0.41%
K-Tron Corp			2,754,500	0.37%
Verizon			2,626,158	0.36%
	<u>86,308,700</u>	<u>6.51%</u>	<u>38,775,858</u>	<u>5.27%</u>

Source: Municipal Tax Assessor

MANTUA TOWNSHIP SCHOOL DISTRICT  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		Collections in Subsequent Year
		Amount	Percent of Levy	
2008	\$ 11,407,741	\$ 11,407,741	100.00%	
2009	11,588,276	11,588,276	100.00%	
2010	11,588,276	11,588,276	100.00%	
2011	12,261,029	12,261,029	100.00%	
2012	12,235,663	11,360,778	92.85%	\$ 874,885
2013	12,366,599	12,366,599	100.00%	
2014	12,798,057	12,798,057	100.00%	
2015	12,983,358	12,983,358	100.00%	
2016	13,192,753	13,192,753	100.00%	
2017	13,405,132	13,405,132	100.00%	

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

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities Capital Leases	Total District	Percentage of Personal Income
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes			
2008	\$ 12,940,000				\$ 12,940,000	2.18%
2009	11,605,000		\$ 170,727		11,775,727	1.88%
2010	10,250,000				10,250,000	1.64%
2011	8,855,000				8,855,000	1.40%
2012	7,455,000				7,455,000	1.13%
2013	6,500,000				6,500,000	0.97%
2014	5,520,000				5,520,000	0.81%
2015	4,540,000				4,540,000	0.65%
2016	3,575,000				3,575,000	0.49%
2017	2,625,000				2,625,000	N/A

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

\* See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.



MANTUA TOWNSHIP SCHOOL DISTRICT  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions			
2008	\$ 12,940,000		\$ 12,940,000	1.76%	\$ 851
2009	11,605,000		11,605,000	1.54%	764
2010	10,250,000		10,250,000	1.34%	674
2011	8,855,000		8,855,000	1.15%	581
2012	7,455,000		7,455,000	0.97%	490
2013	6,500,000		6,500,000	0.48%	429
2014	5,520,000		5,520,000	0.41%	366
2015	4,540,000		4,540,000	0.34%	301
2016	3,575,000		3,575,000	0.27%	237
2017	2,625,000		2,625,000	0.20%	N/A

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

N/A information not available at the completion of the CAFR.

See J-6 for property tax data.

Population data can be found in J-14.

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2017  
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Mantua	\$ 10,573,320	100.00%	\$ 10,573,320
Clearview Regional High School	15,923,000	47.84%	7,617,037
Gloucester County general obligation debt	228,443,500	5.36%	12,234,975
Subtotal, overlapping debt			30,425,332
Township of Mantua School District			2,625,000
Total direct and overlapping debt			<u><u>\$ 33,050,332</u></u>

Sources:

Assessed value data used to estimate applicable percentages provided by the Gloucester County Board of Taxation. Debt outstanding provided by each governmental unit.

MANTUA TOWNSHIP SCHOOL DISTRICT  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Unaudited

	Equalized Valuation Basis	
Year		
2016	\$	1,382,418,950
2015		1,353,134,094
2014		1,375,832,077
	\$	<u>4,111,385,121</u>
Average equalized valuation of taxable property	\$	1,370,461,707
Debt limit (2.5% of average equalized value)		34,261,543
Total net debt applicable to limit		<u>2,625,000</u>
Legal debt margin	\$	<u>31,636,543</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 32,352,026	\$ 35,644,522	\$ 37,814,765	\$ 38,353,336	\$ 37,654,019	\$ 36,282,382	\$ 35,095,275	\$ 34,457,202	\$ 34,123,518	\$ 34,261,543
Total net debt applicable to limit	<u>12,940,000</u>	<u>11,605,000</u>	<u>10,250,000</u>	<u>8,855,000</u>	<u>7,455,000</u>	<u>6,500,000</u>	<u>5,520,000</u>	<u>4,540,000</u>	<u>3,575,000</u>	<u>2,625,000</u>
Legal debt margin	<u>\$ 19,412,026</u>	<u>\$ 24,039,522</u>	<u>\$ 27,564,765</u>	<u>\$ 29,498,336</u>	<u>\$ 30,199,019</u>	<u>\$ 29,782,382</u>	<u>\$ 29,575,275</u>	<u>\$ 29,917,202</u>	<u>\$ 30,548,518</u>	<u>\$ 31,636,543</u>
Total net debt applicable to the limit as a percentage of debt limit	40.00%	32.56%	27.11%	23.09%	19.80%	17.92%	15.73%	13.18%	10.48%	7.66%

MANTUA TOWNSHIP SCHOOL DISTRICT  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2008	15,204	\$ 594,628,440	\$ 39,110	6.00%
2009	15,187	627,314,222	41,306	8.90%
2010	15,216	623,719,056	40,991	9.40%
2011	15,235	632,435,320	41,512	9.20%
2012	15,210	657,604,350	43,235	9.40%
2013	15,151	672,583,192	44,392	6.80%
2014	15,102	679,756,122	45,011	6.50%
2015	15,076	702,586,828	46,603	5.30%
2016	15,054	734,620,146	48,799	4.70%
2017	15,099	N/A	N/A	N/A

N/A information not available at the completion of the CAFR.

Source: Data regarding School District population was provided by the Department of Education.

MANTUA TOWNSHIP SCHOOL DISTRICT  
Principal Employers  
Current and Nine Years Ago  
Unaudited

Employer	2017		2008	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Inspira Health	1,825	1.28%		
Kennedy Memorial Hospital	1,675	1.18%		
Washington Township School District	1,607	1.13%		
Rowan University	1,483	1.04%		
County of Gloucester	1,384	0.97%		
Missa Bay, LLC	950	0.67%		
Monroe Township School District	804	0.56%		
US Foodservices	725	0.51%		
Exxon Mobil Research & Engineering	540	0.38%		
LaBrea Bakery	525	0.37%		
	<u>11,518</u>	<u>8.08%</u>	<u>N/A</u>	<u>0.00%</u>

Source: Gloucester County Economic Development Office and Employer Directly.

Note: The information provided is for the County of Gloucester, information at the municipal level is not readily available.

MANTUA TOWNSHIP SCHOOL DISTRICT  
Full-time Equivalent District Employees by Function/Program  
Last Ten Fiscal Years  
Unaudited

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	84	84	90	87	82	90	93	101	95	109
Special	27	27	29	31	86	34	35	32	33	36
Support services:										
Student & instruction related services	21	21	25	31	26	17	17	17	18	19
General administration	2	2	2	2	2	4	4	4	4	4
School administration	10	10	11	11	11	11	11	12	12	11
Business administrative services	5	5	5	5	5	5	5	5	5	5
Plants operations and maintenance	18	18	18	16	40	18	18	18	18	18
Other support						57	52	52	73	74
Food service	16	15	14	15	13	13	12	12	12	13
Childcare	3	3	9	3	3	3	3	3	3	3
Total	<u>186</u>	<u>185</u>	<u>203</u>	<u>201</u>	<u>268</u>	<u>252</u>	<u>250</u>	<u>256</u>	<u>273</u>	<u>292</u>

Source: Employee salary list

N/A Not available

MANTUA TOWNSHIP SCHOOL DISTRICT  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2008	1,540	\$ 18,329,540	\$ 11,902	70.11%	105	1:14.6	1,543.2	1,485.3	0.21%	96.25%
2009	1,563	18,621,195	11,914	0.10%	110	1:14.0	1,562.5	1,504.2	1.25%	96.27%
2010	1,502	19,736,653	13,140	10.29%	111	1:14.09	1,484.7	1,374.9	-4.98%	92.60%
2011	1,450	18,773,421	12,947	-1.47%	119	1:12.62	1,430.1	1,376.5	-3.68%	96.25%
2012	1,409	19,913,390	14,133	9.16%	119	1:12.29	1,392.7	1,346.0	-2.62%	96.65%
2013	1,353	19,884,420	14,697	3.99%	115	1:11.76	1,332.2	1,274.3	-4.34%	95.65%
2014	1,339	20,493,825	15,305	4.14%	128	1:10.46	1,312.1	1,262.0	-1.51%	96.18%
2015	1,304	21,521,186	16,504	7.83%	133	1:09.80	1,269.6	1,218.7	-3.24%	95.99%
2016	1,267	21,517,348	16,983	10.96%	128	1:09.89	1,242.7	1,192.0	-2.12%	95.92%
2017	1,274	21,937,851	17,220	4.34%	145	1:08.79	1,251.3	1,197.5	0.69%	95.70%

Source: District records

Note: Enrollment based on June district count.  
Teaching staff information from District Staff List.

MANTUA TOWNSHIP SCHOOL DISTRICT  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Centre City</b>										
Square feet	74,305	74,305	74,305	74,305	74,305	74,305	74,305	74,305	74,305	74,305
Capacity (students)	444	444	444	444	444	444	444	444	444	444
Enrollment	571	578	576	535	543	502	501	480	479	463
<b>J. Mason Tomlin</b>										
Square feet	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500
Capacity (students)	641	641	641	641	641	641	641	641	641	641
Enrollment	650	688	633	637	596	588	588	575	557	547
<b>Sewell</b>										
Square feet	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500
Capacity (students)	333	333	333	333	333	333	333	333	333	333
Enrollment	330	308	294	278	270	263	250	249	231	264

Source: District records per Long Range Facilities Plan. Enrollment records at June 30.

Number of Schools at June 30, 2017  
 Elementary = 3



MANTUA TOWNSHIP SCHOOL DISTRICT  
 General Fund  
 Schedule of Required Maintenance Expenditures by School Facility  
 For the Fiscal Year Ended June 30, 2017

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

* School Facilities	Gross Square Footage	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Centre City	74,305	\$ 95,056	\$ 97,600	\$ 85,497	\$ 97,034	\$ 112,312	\$ 55,131	\$ 88,466	\$ 114,301	\$ 53,132	\$ 81,306	\$ 784,779
J. Mason Tomlin	78,500	92,680	182,657	148,551	74,821	119,804	81,117	83,555	110,212	75,271	100,852	976,840
Sewell	41,500	65,030	83,120	68,884	80,147	78,601	44,346	58,563	133,638	54,430	63,136	664,865
Administration		58,960	51,955	43,963	51,934	59,797	11,796	18,793	26,887	18,689	14,249	298,063
		<u>\$ 311,726</u>	<u>\$ 415,332</u>	<u>\$ 346,895</u>	<u>\$ 303,936</u>	<u>\$ 370,514</u>	<u>\$ 192,390</u>	<u>\$ 249,377</u>	<u>\$ 385,038</u>	<u>\$ 201,522</u>	<u>\$ 259,543</u>	<u>\$ 2,724,547</u>

\* School facilities as defined under EFCA.  
 (NJAC 6A:26-1.2 and NJAC 6:24-1.3)

MANTUA TOWNSHIP SCHOOL DISTRICT  
Insurance Schedule  
June 30, 2017  
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School package policy - Utica National Insurance Company		
Property - blanket buildings & contents	\$ 60,875,731	
Commercial general liability		
General aggregate limit	3,000,000	
Products - complete operations aggregate limit	3,000,000	
Personal and advertising - injury limit	1,000,000	
Each occurrence limit	1,000,000	
Bodily injury by accident and disease	2,000,000	
Employee benefit program liability - each loss	1,000,000	\$ 1,000
Employee benefit program liability - aggregate limit	3,000,000	
Damage to premises	1,000,000	
Medical expense - any one person	10,000	
Legal liability - each loss	1,000,000	
Legal liability - aggregate limit	3,000,000	
Crime - head of the class Uniflex		
Employee blanket bond/per employee	100,000	500
Employee blanket bond/forgery per occurrence	100,000	500
Inside and outside premise	25,000	500
Commercial inland marine		
Valuable papers & records	100,000	500
Signs	30,000	500
Data processing coverage		
Data processing equipment	300,000	500
Data and media	20,000	500
Blanket extra expense	10,000	
Commercial automobile liability		
Bodily injury and property damage	1,000,000	1,000
Commercial umbrella liability	10,000,000	10,000
Workers' compensation - Educational Risk Insurance Consortium South		
Bodily injury - by accident - each accident	2,000,000	None
Bodily injury - by disease - each employee	2,000,000	None
Bodily injury - by disease - aggregate limit	2,000,000	None
Student accident - Markel Insurance Company		
Accidental death & dismemberment	10,000	
Volunteer workers	25,000	
Public employees' faithful performance bonds -		
The Ohio Casualty Insurance Company		
Employee bond - Dr. Robert Fiscaro, Business Administrator	10,000	
Employee bond - Michelle H. Daminger, Board Secretary	225,000	None

Source: District records

## **SINGLE AUDIT SECTION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## Exhibit K-1

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

#### Independent Auditor's Report

The Honorable President and  
Members of the Board of Education  
Mantua Township School District  
684 Main Street  
Sewell, New Jersey 08080

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 Mantua Township School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Mantua Township School District's basic financial statements, and have issued our report thereon dated October 20, 2017.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Mantua Township School District's 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 Mantua Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as item 2017-001.

### ***Compliance and Other Matters***

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

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

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542  
Glassboro, New Jersey

October 20, 2017

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## Exhibit K-2

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

### Independent Auditor's Report

The Honorable President and  
Members of the Board of Education  
Mantua Township School District  
684 Main Street  
Sewell, New Jersey 08080

#### ***Report on Compliance for Each Major Federal and State Program***

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

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Mantua Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance), *New Jersey State Aid/Grant Compliance Supplement*, *Audits of States, Local Governments, and Non-Profit Organizations*, and the audit

requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Those standards, the Uniform Guidance and 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 federal and state programs occurred. An audit includes examining, on a test basis, evidence about the Mantua Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Mantua 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 federal and state programs for the year ended June 30, 2017.

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

Management of the Mantua 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 Mantua Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and 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 Mantua Township School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state programs 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 federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

***Report on Schedules of Expenditures of Federal Awards Required and State Financial Assistance Required by Uniform Guidance and New Jersey OMB's Circular 15-08***

We have audited the financial statements Mantua Township School District as of and for the year ended June 30, 2017, and have issued our report thereon dated October 20, 2017, for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by Uniform Guidance and NJ OMB's Circulars 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542  
Glassboro, New Jersey

October 20, 2017



MANTUA TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017			MEMO Cumulative Total Expenditures
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education:																
General Fund:																
Medical Assistance Program	93.778	1705NJ5MAP	n/a	\$ 14,419	07/1/16	06/30/17			\$ 14,419	\$ (14,419)						\$ 14,419
ARRA-Medical Assistance Program	93.778	1705NJ5MAP	n/a	374	04/1/09	12/31/10			374	(374)						374
Medical Assistance Program	93.778	1605NJ5MAP	n/a	30,514	07/1/15	06/30/16	\$ (3,046)		3,046							30,514
Total General Fund							(3,046)		17,839	(14,793)						45,307
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I - Part A	84.010	S010A160030	NCLB299017	132,218	07/1/16	06/30/17			59,986	(132,218)		\$ (72,232)				132,218
Title I - Part A	84.010	S010A150030	NCLB299016	130,868	07/1/15	06/30/16	(50,125)		50,125							130,754
Title II A, Teacher & Principal Training	84.367	S367A160029	NCLB299017	30,448	07/1/16	06/30/17			10,581	(28,309)			(17,728)			28,309
Title II A, Teacher & Principal Training	84.367	S367A150029	NCLB299016	33,627	07/1/15	06/30/16	(15,978)		15,978							36,283
IDEA Part B, Basic Regular	84.027A	H027A160100	IDEA299017	505,870	07/1/16	06/30/17			352,868	(408,013)			(55,145)			408,013
IDEA Part B, Basic Regular	84.027A	H027A150100	IDEA299016	529,163	07/1/15	06/30/16	(69,728)		69,728							350,670
IDEA Part B, Preschool	84.173	H173A160114	IDEA299017	35,655	07/1/16	06/30/17			20,011	(34,243)			(14,232)			34,243
IDEA Part B, Preschool	84.173	H173A150114	IDEA299016	37,495	07/1/15	06/30/16	(17,171)		17,171							36,186
Total Special Revenue Fund							(153,002)		596,448	(602,783)			(159,337)			1,156,676
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	N/A	N/A	39,534	07/1/16	06/30/17			39,534	(32,982)			\$ 6,552			32,982
Food Distribution Program	10.550	N/A	N/A	28,728	07/1/15	06/30/16	3,747			(3,747)						28,728
National School Lunch Program	10.555	171NJ304N1099	N/A	118,126	07/1/16	06/30/17			110,682	(118,126)			(7,444)			118,126
National School Lunch Program	10.555	16161NJ304N1099	N/A	97,751	07/1/15	06/30/16	(5,253)		5,253							97,751
National School Breakfast Program	10.553	171NJ304N1099	N/A	10,163	07/1/16	06/30/17			9,474	(10,163)			(689)			10,163
National School Breakfast Program	10.553	16161NJ304N1099	N/A	12,282	07/1/15	06/30/16	(653)		653							12,282
Special Milk Program	10.556	16161NJ304N1099	N/A	4,200	07/1/15	06/30/16	(162)		162							4,200
Total Enterprise Fund							(2,321)		165,758	(165,018)			(8,133)	6,552		304,232
Total Federal Financial Awards							\$ (158,369)		\$ 780,045	\$ (782,594)			\$ (167,470)	\$ 6,552		\$ 1,506,215

The accompanying notes to the schedules of awards and financial assistance are an integral part of this schedule.

MANTUA TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Expenditures	Balance at June 30, 2017			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
State Aid Public:															
Equalization Aid	17-495-034-5120-078	\$ 5,286,989	07/1/16	06/30/17				\$ 5,286,989	\$ (5,286,989)					\$ 524,845	\$ 5,286,989
Special Education Categorical Aid	17-495-034-5120-089	731,840	07/1/16	06/30/17			731,840	(731,840)						72,650	731,840
Security Aid	17-495-034-5120-084	24,998	07/1/16	06/30/17			24,998	(24,998)						2,482	24,998
PARCC Readiness Aid	17-495-034-5120-098	11,490	07/1/16	06/30/17			11,490	(11,490)						1,141	11,490
Per Pupil Growth Aid	17-495-034-5120-097	11,490	07/1/16	06/30/17			11,490	(11,490)						1,141	11,490
Professional Learning Community Aid	17-495-034-5120-101	10,795	07/1/16	06/30/17			10,795	(10,795)						1,072	10,795
Transportation Aid	17-495-034-5120-014	94,099	07/1/16	06/30/17			94,099	(94,099)						9,340	94,099
Reimbursement for Nonpublic Transportation	n/a	6,590	07/1/16	06/30/17											6,590
Reimbursement for Nonpublic Transportation	n/a	2,098	07/1/15	06/30/16	\$ (2,098)		2,098								2,098
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	664,441	07/1/16	06/30/17			631,299	(664,441)							664,441
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	668,838	07/1/15	06/30/16	(32,762)		32,762								668,838
On-Behalf TPAF Pension	17-495-034-5094-002	982,421	07/1/16	06/30/17			982,421	(982,421)							982,421
On-Behalf TPAF Post Retirement Contribution	17-495-034-5094-001	818,581	07/1/16	06/30/17			818,581	(818,581)							818,581
On-Behalf TPAF Long Term Disability Insurance	17-495-034-5094-004	2,559	07/1/16	06/30/17			2,559	(2,559)							2,559
<b>Total General Fund</b>					<b>(34,860)</b>		<b>8,641,421</b>	<b>(8,646,293)</b>				<b>(39,732)</b>		<b>612,671</b>	<b>9,317,229</b>
Special Revenue Fund:															
New Jersey Nonpublic Aid:															
Textbook Aid	17-100-034-5120-064	9,914	07/1/16	06/30/17			9,914	(9,091)						\$ 823	9,091
Textbook Aid	16-100-034-5120-064	10,278	07/1/15	06/30/16		\$ 5,486				\$ (5,486)					4,792
Technology	17-100-034-5120-373	4,472	07/1/16	06/30/17			4,472	(4,002)						470	4,002
Technology	16-100-034-5120-373	4,680	07/1/15	06/30/16		260				(260)					4,420
Nursing Services	17-100-034-5120-070	15,480	07/1/16	06/30/17			15,480	(14,400)						1,080	14,400
Security	17-100-034-5120-509	17,950	07/1/16	06/30/17			17,950	(17,027)						923	17,027
Security	16-100-034-5120-509	9,750	07/1/15	06/30/16						(25)					9,725
Auxiliary Services:															
Compensatory Education	17-100-034-5120-067	17,020	07/1/16	06/30/17			17,020	(9,316)						7,704	9,316
Compensatory Education	16-100-034-5120-067	20,982	07/1/15	06/30/16		1,947				(1,947)					19,035
Transportation	17-100-034-5120-067	2,727	07/1/16	06/30/17			2,727	(1,768)						959	1,768
Transportation	16-100-034-5120-067	2,711	07/1/15	06/30/16		447				(447)					2,264
Handicapped Services:															
Corrective Speech	17-100-034-5120-066	15,020	07/1/16	06/30/17			15,020	(11,044)						3,976	11,044
Corrective Speech	16-100-034-5120-066	17,557	07/1/15	06/30/16		9,280				(9,280)					8,277
Examination and Classification	17-100-034-5120-066	7,382	07/1/16	06/30/17			7,382	(3,242)						4,140	3,242
Examination and Classification	16-100-034-5120-066	11	07/1/15	06/30/16		1,192				(1,192)					(1,181)
Supplementary Instruction	17-100-034-5120-066	2,354	07/1/16	06/30/17			2,354	(1,569)						785	1,569
Supplementary Instruction	16-100-034-5120-066	2,153	07/1/15	06/30/16		445				(445)					1,708
<b>Total Special Revenue Fund</b>						<b>19,082</b>		<b>92,319</b>	<b>(71,459)</b>					<b>20,860</b>	<b>120,499</b>
Debt Service Fund:															
Debt Service Aid Type II	17-495-034-5120-075	394,696	07/1/16	06/30/17			394,696	(394,696)							394,696
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	17-100-010-3350-023	3,813	07/1/16	06/30/17			3,581	(3,813)						(232)	3,813
National School Lunch Program (State Share)	16-100-010-3350-023	3,429	07/1/15	06/30/16		(191)	191								3,429
<b>Total Enterprise Fund</b>						<b>(191)</b>		<b>3,772</b>	<b>(3,813)</b>					<b>(232)</b>	<b>7,242</b>
<b>Total State Financial Assistance</b>					<b>\$ (35,051)</b>	<b>\$ 19,082</b>		<b>\$ 9,132,208</b>	<b>\$ (9,116,261)</b>	<b>\$ (19,082)</b>	<b>\$ (39,964)</b>		<b>\$ 20,860</b>	<b>\$ 612,671</b>	<b>\$ 9,839,666</b>
Less: On-Behalf TPAF Pension System Contributions															
															<b>\$ (1,803,561)</b>
<b>Total for State Financial Assistance - Major Program Determination</b>															
															<b>\$ (7,312,700)</b>

The accompanying notes to the schedules of awards and financial assistance are an integral part of this schedule.

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

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state activity of the Board of Education, Mantua Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 – *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations, New Jersey State Aid/Grant Compliance Supplement*, and New Jersey OMB's Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44-.2. For GAAP purposes that payment is 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 June state aid payments in the current budget year, consistent with NJSA 18A:22-4-.2.

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$571 for the General Fund and \$0 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented (See Exhibit B-2 and B-5):

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 14,793	\$ 8,646,864	\$ 8,661,657
Special Revenue Fund	602,783	71,459	674,242
Debt Service Fund		374,696	374,696
Food Service Fund	164,077	3,813	167,890
Total Financial Assistance	<u>\$ 781,653</u>	<u>\$ 9,096,832</u>	<u>\$ 9,878,485</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: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2017, Mantua Township School District has food commodities totaling \$6,552 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 7: INDIRECT COST RATE

The Mantua Township School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

NOTE 8: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT MAJOR  
PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are excluded from State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial assistance reported in the District's financial statements and the amounts subject to State single audit and major program determination.

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

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified?        Yes   X   No
- 2. Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes        None reported

Noncompliance material to basic financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major programs:

- 1. Material weakness(es) identified?        Yes   X   No
- 2. Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)?        Yes   X   No

Identification of major programs:

CFDA Number	FAIN Number	Name of Federal Program or Cluster
84.027	H027A160100	Special Education Cluster: IDEA Basic
84.173	H173A160114	IDEA Preschool

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

Auditee qualified as low-risk auditee?   X   Yes        No

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

**Section I – Summary of Auditor’s Results**

**State Awards**

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No

Internal control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ Yes      X   No

2. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB’s Circular 15-08? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
	State Aid Public:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-101	Professional Learning Community Aid

**Section II – Financial Statement Findings**

Finding: 2017-001

Criteria - NJAC 6A:23A-16.2(c)(3) requires the use the modified accrual or accrual basis of accounting as appropriate in measuring financial position and operating results in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires encumbrance accounting.

Condition - Two exceptions were noted based on our review of outstanding purchase orders as of June 30, as to the proper classification of reserve for encumbrances and accounts payable.

Questioned Cost - \$142,048.

Effect - Noncompliance with the prescribed accounting system.

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

**Section II – Financial Statement Findings (Continued)**

Cause - The Business Office inadvertently overlooked the recording of the purchase orders as accounts payable based when the accounting records for the fiscal year were closed.

Recommendation - Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered.

View of responsible Officials - The Business Office agrees with this finding and will work to ensure all staff are aware of the proper distinction between accounts payable and reserve for encumbrances.

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

**FEDERAL AWARDS**

None

**STATE AWARDS**

None



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

No matters were noted.