

**MANCHESTER REGIONAL
HIGH SCHOOL DISTRICT
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

**SCHOOL DISTRICT
OF THE
PASSAIC COUNTY
MANCHESTER REGIONAL HIGH SCHOOL**

**Passaic County Manchester Regional High School
Haledon, New Jersey**

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

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Passaic County

Manchester Regional High School District

Haledon, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

**Manchester Regional High School District
Board of Education**

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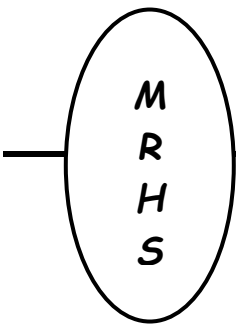
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INTRODUCTORY SECTION



MANCHESTER REGIONAL HIGH SCHOOL

*70 Church Street
Haledon, NJ07508
Tel: (973) 389-2844
Facsimile: (973) 956-0781*

October 20, 2017

Citizens, Honorable President and
Members of the Board of Education
Passaic County Manchester Regional High School District
Haledon, NJ 07508

Dear Board Members:

The comprehensive annual financial report of the Manchester Regional High School District, (District) for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for 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 basic financial statements and results of operations 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 the management discussion and analysis, the basic financial statements and schedules, as well as the auditor's report, thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04, "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, findings and recommendations, are included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** The Manchester Regional High School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB #14 Statement No. 3. All funds and account groups of the District are included in this report. The Manchester Regional High School Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12, including regular, technological as well as special education services. The district completed the 2016-17 fiscal year with an ASSA enrollment of 875 students

which is 3 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2016-17	875	0.34%
2015-16	872	-5.22%
2014-15	920	-1.29%
2013-14	932	0.22%
2012-13	930	3.79%
2011-12	896	9.27%
2010-11	820	7.4%
2009-10	763	(0.3%)
2008-09	787	(6.3%)
2007-08	840	5.9%
2006-07	793	3.8%

- 2) **ECONOMIC OUTLOOK:** The Haledon, North Haledon and Prospect Park Boroughs, which comprise the Manchester Regional High School District, are experiencing limited economic development and growth. These communities reflect the overall business climate of North Jersey which has endured the loss of many manufacturing companies and is not keeping pace with the rest of the country.

It is not expected that there will be any strong economic growth or expansion in the region in the near future.

- 3) **MAJOR INITIATIVES:** The 2016-17 school year saw continued improvements to the district's offerings. The district's network was upgraded and its wireless capabilities were expanded. . Additional computers were purchased for the classrooms to meet the district's goal of a 1:1 Initiative (supplying a Chromebook for each student in the building). To increase the safety and security for the students, hallway doors were replaced (and tied into the district's fire alarm system). Ceiling tiles and lights were also replaced in several classrooms to enhance the aesthetics of the building while reducing costs of energy (through the purchase of energy efficient lighting). Finally all the district's water fountains in its hallways were replaced.

For 2017-18 school year the District will continue upgrading the facility. More Chromebooks will be purchased for the students. The district will upgrade its phone system and continue to replace ceiling tiles and lights throughout the building. To improve the educational experience the district will be installing air conditioning units throughout its classrooms. The District will proceed with a Power Purchase Agreement for solar panels to help offset increasing electric costs.

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

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

- 6) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 7) **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.
- 8) **OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkocz, Cerullo and Cuva, P.A. conducted this annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance and State Treasury Circular Letter 15-08 OMB. 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.

- 9) **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Board of Education, for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our educational 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,

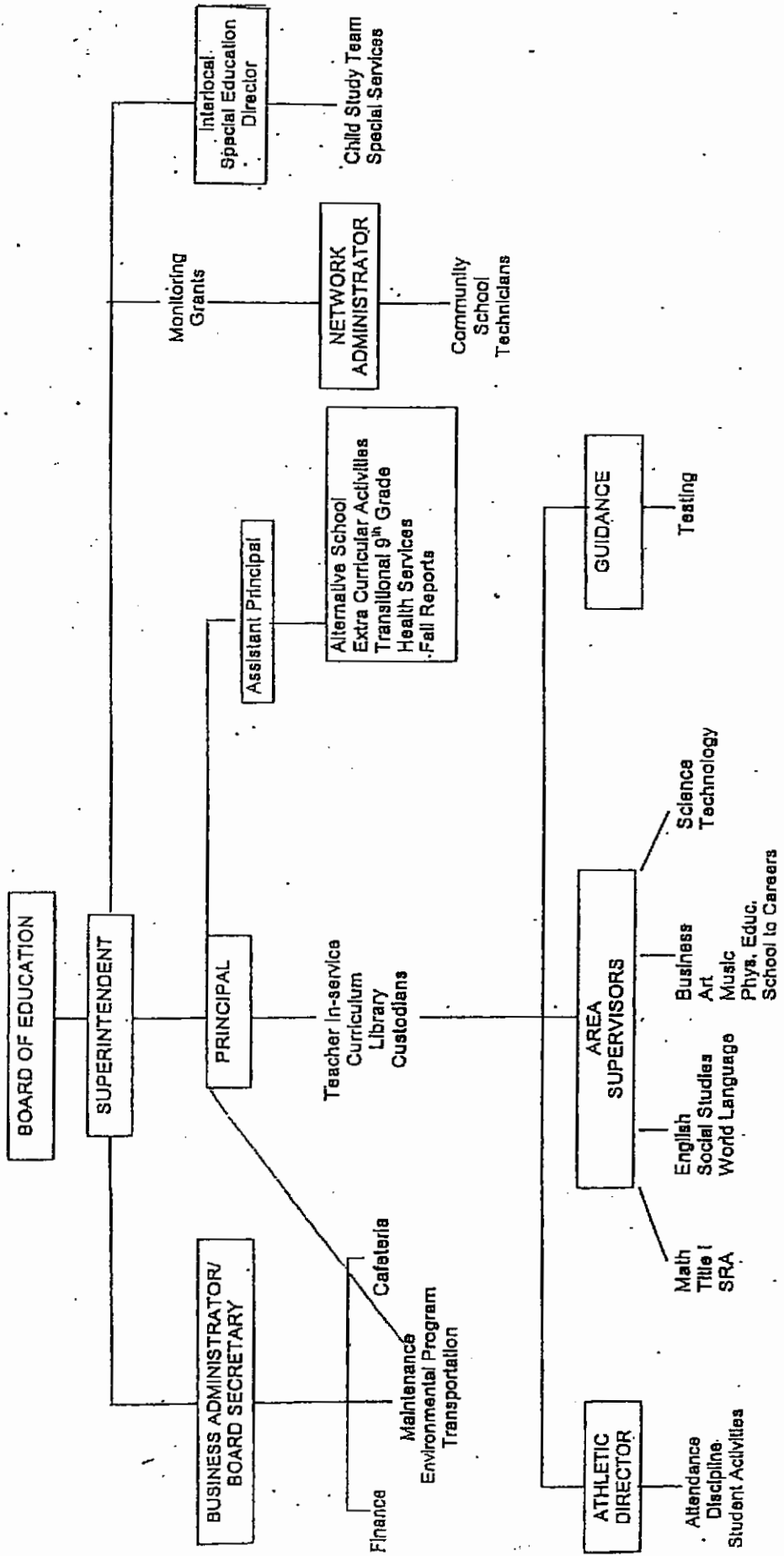
Miguel Hernandez

Miguel Hernandez, Ed.D.
Superintendent

John A. Serapiglia, Jr.

John A. Serapiglia, Jr.
Business Administrator/Board Secretary

MANCHESTER REGIONAL HIGH SCHOOL ORGANIZATIONAL STRUCTURE



ADOPTED: May 1, 2003

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
BOARD OF EDUCATION
HALEDON, NJ**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

Members of the Board of Education

Name	Town	Term Expires
Michael Boyle	Haledon	2017
Douglas Boydston	Prospect Park	2017
Cynthia Fusco	North Haledon	2018
Ellen Fischer	Haledon	2017
Jeffrey Fischer	Haledon	2019
Valdo Panzera	North Haledon	2019
Paul Gorga	North Haledon	2019
Maria Sole	North Haledon	2018
John Vander Molen	Prospect Park	2018

Other Officials

Miguel Hernandez, Ed. D, Superintendent

John Serapiglia, Business Administrator/Board Secretary

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Attorney

Fogarty & Hara
Counsellors at Law
16-02 Rt. 208 South
Fair Lawn, NJ 07410

Schwartz Simon Edelstein Celso LLC
100 S Jefferson Rd #200
Whippany, NJ 07981

Architect

Di Cara / Rubino Architects
30 Galesi Drive, West Wing
Wayne, NJ 07470

Official Depository

TD Bank North
1000 Mac Arthur Boulevard
Mahwah, NJ 07430

FINANCIAL SECTION

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
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973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Manchester Regional High School District
County of Passaic, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Manchester Regional High School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

Honorable President and
Members of the Board of Education
Page 2.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information 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 the 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 Manchester Regional High School Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were 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 nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has 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 Manchester Regional High School Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of

Honorable President and
Members of the Board of Education
Page 4.

that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Manchester Regional High School Board of Education's internal control over financial reporting and compliance.

James Cerullo

James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 20, 2017

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

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

The discussion and analysis of the Manchester Regional High School Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position decreased \$712,043.59. Net position of governmental activities decreased \$666,383.12 while net position of business-type activity decreased by \$45,660.47. The variances are primarily the result of a decrease in revenues for the business-type activities and an increase in employee benefits and other budgeted operating expenses.
- General revenues accounted for \$22,250,727.68 in revenue or 91.41 percent of all District revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,089,629.62 or 8.59 percent of total revenues of \$24,340,357.30.
- The School District had \$24,205,142.52 in expenses related to governmental activities; only \$1,288,031.72 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$22,250,727.68 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (government-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Manchester Regional High School Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

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

USING THIS ANNUAL REPORT, (continued)

In the *Statement of Net Position and the Statement of Activities*, the District is divided into two distinct kinds of activities:

- Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activities – These services are provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The food service program, community service program and technology program are reported as a business-type activities.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Manchester Regional High School Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

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

USING THIS ANNUAL REPORT, (continued)

The Manchester Regional High School Board of Education maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue and capital project funds, which are considered to be major funds.

The Manchester Regional High School Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Manchester Regional High School Board of Education uses proprietary funds to account for its food service program, community service program and technology program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District 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 government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

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

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

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

The School District's net positions were \$3,683,207.96 at June 30, 2017 and \$4,395,251.55 at June 30, 2016. Restricted net positions are reported separately to show legal constraints that limit the School District's ability to use those items for day-to-day operations. Our analysis below focuses on the net position for 2017 compared to 2016 (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and Other Assets	2,698,749.24	2,756,434.12	492,671.56	522,015.22	3,191,420.80	3,278,449.34
Capital Assets	<u>6,072,262.04</u>	<u>6,083,696.71</u>	<u>205,689.77</u>	<u>213,877.68</u>	<u>6,277,951.81</u>	<u>6,297,574.39</u>
Total Assets	<u>8,771,011.28</u>	<u>8,840,130.83</u>	<u>698,361.33</u>	<u>735,892.90</u>	<u>9,469,372.61</u>	<u>9,576,023.73</u>
Deferred Outflows	<u>1,604,988.00</u>	<u>686,736.00</u>	_____	_____	<u>1,604,988.00</u>	<u>686,736.00</u>
Liabilities						
Current Liabilities	1,573,011.85	1,201,067.30	14,296.80	6,167.90	1,587,308.65	1,207,235.20
Noncurrent Liabilities	<u>5,376,018.00</u>	<u>4,046,638.50</u>	_____	_____	<u>5,376,018.00</u>	<u>4,046,638.50</u>
Total Liabilities	<u>6,949,029.85</u>	<u>5,247,705.80</u>	<u>14,296.80</u>	<u>6,167.90</u>	<u>6,963,326.65</u>	<u>5,253,873.70</u>
Deferred Inflows	<u>427,826.00</u>	<u>610,988.00</u>	_____	_____	<u>427,826.00</u>	<u>487,022.00</u>
Net Position						
Invested in Capital						
Assets	6,072,262.04	6,083,696.71	205,689.77	213,877.68	6,277,951.81	6,297,574.39
Restricted	1,280,173.31	1,696,913.23	_____	_____	1,280,173.31	1,696,913.23
Unrestricted	<u>(4,353,291.92)</u>	<u>(4,115,083.39)</u>	<u>478,374.76</u>	<u>515,847.32</u>	<u>(3,874,917.16)</u>	<u>(3,599,236.07)</u>
Total Net Position	<u>2,999,143.43</u>	<u>3,665,526.55</u>	<u>684,064.53</u>	<u>729,725.00</u>	<u>3,683,207.96</u>	<u>4,395,251.55</u>

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

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

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

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

Table 2

**Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues:						
Charges for Services and Sales	179,567.72	192,058.89	290,477.26	303,421.90	470,044.98	495,480.79
Operating Grants and Contributions	1,108,464.00	912,884.00	511,120.64	519,606.83	1,619,584.64	1,432,490.83
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	10,916,358.00	10,702,313.00			10,916,358.00	10,702,313.00
Federal and State Aid Not Restricted	11,191,298.53	9,860,289.59			11,191,298.53	9,860,289.59
State Facilities Grant		1,543.70			0.00	1,543.70
Investment Earnings	1,228.90	241.56			1,228.90	241.56
Miscellaneous Income	141,842.25	44,837.05			141,842.25	44,837.05
Cancelled Accounts Receivable/Payable	_____	9,860.53	_____	_____	0.00	9,860.53
Total Revenues and Transfers	<u>23,538,759.40</u>	<u>21,724,028.32</u>	<u>801,597.90</u>	<u>823,028.73</u>	<u>24,340,357.30</u>	<u>22,547,057.05</u>

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

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

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Functions/Program Expenses	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>2017</u>	<u>Total</u>	<u>2016</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>		<u>2017</u>	
Instruction:							
Regular	6,547,499.04	6,149,898.15			6,547,499.04		6,149,898.15
Special Education	1,840,509.23	1,725,052.46			1,840,509.23		1,725,052.46
Other Special							
Instruction	37,464.48	30,750.62			37,464.48		30,750.62
Other Instruction	479,396.74	501,432.08			479,396.74		501,432.08
Support Services:							
Tuition	4,974,555.30	4,754,727.12			4,974,555.30		4,754,727.12
Student & Instruction							
Related Services	1,764,151.74	1,798,760.43			1,764,151.74		1,798,760.43
School Administrative							
Services	585,554.90	524,939.23			585,554.90		524,939.23
General Administrative							
Services	649,960.55	575,200.80			649,960.55		575,200.80
Central Services and							
Admin. Info. Tech.	383,063.09	435,538.65			383,063.09		435,538.65
Plant Operations and							
Maintenance	1,070,638.09	1,071,920.48			1,070,638.09		1,071,920.48
Pupil Transportation	1,125,021.59	992,056.21			1,125,021.59		992,056.21
Unallocated Benefits	4,418,757.12	3,204,931.00			4,418,757.12		3,204,931.00
Charter Schools	77,875.00	78,946.00			77,875.00		78,946.00
Capital Outlay - Non-							
Depreciable	5,765.00	36,508.70			5,765.00		36,508.70
Unallocated depreciation	244,930.65	233,365.33			244,930.65		233,365.33
Food Service			526,893.45	521,287.77	526,893.45		521,287.77
Community Services			6,657.30		6,657.30		
Technology Services	<u> </u>	<u> </u>	<u>313,707.62</u>	<u>292,964.28</u>	<u>313,707.62</u>		<u>292,964.28</u>
Total Expenses and							
Transfers	<u>24,205,142.52</u>	<u>22,114,027.26</u>	<u>847,258.37</u>	<u>814,252.05</u>	<u>25,052,400.89</u>		<u>22,928,279.31</u>
Increase or (Decrease) in							
Net Position	<u>(666,383.12)</u>	<u>389,998.94</u>	<u>(45,660.47)</u>	<u>(12,552.81)</u>	<u>(712,043.59)</u>		<u>377,446.13</u>

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

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

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities, the cost of all of our governmental and business-type activities this year was \$25,052,400.89. However the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$10,916,358.00 because some of the cost was paid by those who benefitted from the programs \$470,044.98, by other governments and organizations who subsidized certain programs with grants and contributions \$1,619,584.64 and by miscellaneous sources 11,334,369.68.

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service revenues exceeded expenditures by 14,009.45.
- ✓ Charges for services provided totaled \$29,782.26. This represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$511,120.64.
- ✓ Technology program expenditures exceeded revenues by \$54,137.62.
- ✓ Community services expenditures exceeded revenues by \$5,532.30.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2017, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$260,389.00 for increase in federal and state grant awards.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

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

General Fund

The general fund actual revenue was \$19,629,838.40. That amount is \$1,755,058.40 above the final amended budget of \$17,874,780.00. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,616,790.62 for TPAF social security reimbursements and on-behalf pension payments and \$138,267.78 excess in miscellaneous anticipated revenues and other state and federal aids.

The actual expenditures of the general fund were \$20,046,222.35 including transfers which is \$1,074,212.82 above the final amended budget of \$18,970,470.53. The variance between the actual expenditures and final budget was due to non-budget on-behalf TPAF social security and pension payments of \$1,616,790.62 and \$542,577.80 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$1,108,464.00. That amount is above the original budget estimate of \$982,415.00 and below the final amended budget of \$1,242,804.00. The \$260,389.00 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The \$134,340.00 variance between the final amended budget and the June 30, 2017 actual results was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year.

The actual expenditures of the special revenue fund were \$1,108,464.00 which is above the original budget of \$982,415.00 and below the final amended budget of \$1,242,804.00. The \$260,389.00 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The \$134,340.00 variance between the final amended budget and the June 30, 2017 actual results was due to the anticipation of fully expending federal and state grant programs. Expenditures will be incurred in the next fiscal year.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017, the School District had \$12,365,548.67 invested in sites, buildings and equipment, and construction in progress. Of this amount, \$6,087,596.86 in depreciation has been taken over the years. We currently have a net book value of \$6,277,951.81. Total additions for the year were \$351,592.86, the majority of which was for facility improvements, food service equipment, technology and maintenance equipment. Table 3 shows fiscal year 2017 balances compared to 2016.

**Table 3
Capital assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land Improvements	623,872.60	662,964.80			623,872.60	662,964.80
Buildings and Improvements	4,775,136.69	4,967,346.84			4,775,136.69	4,967,346.84
Furniture, Equipment And Vehicles	<u>673,252.75</u>	<u>453,385.07</u>	<u>205,689.77</u>	<u>212,937.18</u>	<u>878,942.52</u>	<u>666,322.25</u>
	<u>6,072,262.04</u>	<u>6,083,696.71</u>	<u>205,689.77</u>	<u>212,937.18</u>	<u>6,277,951.81</u>	<u>6,296,633.89</u>

Debt Administration

At June 30, 2017, the District had \$5,376,018.00 of long-term debt. Of this amount, \$34,080.00 is for compensated absences, and \$5,341,938.00 is for net pension liability.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The upcoming school budget (2017-18) will be a challenging task for the Board and Administration. Increased out of district costs, especially in regards to Passaic County Technical Institute students, has stripped the PC Manchester Budget of \$1 million dollars over the past several years. The District will be hard pressed to maintain current programs (let alone add any) due to this increase. Adding to this issue is expected increases in health benefit costs. With the full implementation of Chapter 78 contributions, the district will be incurring larger costs in this area.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Manchester Regional High School Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

John A. Serapiglia, Jr.
School Business Administrator
Manchester Regional High School Board of Education
70 Church Street
Haledon, New Jersey 07508

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	-	475,906.93	475,906.93
Receivables, net	1,393,177.49	40,252.74	1,433,430.23
Internal Balances	25,398.44	(25,398.44)	-
Inventory		1,910.33	1,910.33
Restricted Assets:			
Reserve Accounts - Cash	1,280,173.31		1,280,173.31
Capital Assets, net :			
Depreciable Building and Improvements and Machinery and Equipment	6,072,262.04	205,689.77	6,277,951.81
Total Assets	<u>8,771,011.28</u>	<u>698,361.33</u>	<u>9,469,372.61</u>
DEFERRED OUTFLOWS			
Deferred Outflows of Resources Related to PERS - Pension	<u>1,604,988.00</u>		<u>1,604,988.00</u>
LIABILITIES			
Cash Deficits	861,078.95		861,078.95
Accounts Payable and Accrued Liabilities	697,492.42	13,596.80	711,089.22
Payable to State Government	11,884.00		11,884.00
Unearned Revenue	2,556.48	700.00	3,256.48
Noncurrent Liabilities:			
Due beyond one year	<u>5,376,018.00</u>		<u>5,376,018.00</u>
Total Liabilities	<u>6,949,029.85</u>	<u>14,296.80</u>	<u>6,963,326.65</u>
DEFERRED INFLOWS			
Deferred Inflows of Resources Related to PERS - Pension	<u>427,826.00</u>		<u>427,826.00</u>
NET POSITION			
Invested in Capital Assets	6,072,262.04	205,689.77	6,277,951.81
Restricted for:			
Capital Projects	318,779.62		318,779.62
Other Purposes	961,393.69		961,393.69
Unrestricted (Deficit)	<u>(4,353,291.92)</u>	<u>478,374.76</u>	<u>(3,874,917.16)</u>
Total Net Position	<u><u>2,999,143.43</u></u>	<u><u>684,064.53</u></u>	<u><u>3,683,207.96</u></u>

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	5,295,162.25	1,252,336.79		777,100.00	(5,770,399.04)		(5,770,399.04)
Special Education	1,593,549.99	246,959.24			(1,840,509.23)		(1,840,509.23)
Other Special Instruction	29,070.54	8,393.94			(37,464.48)		(37,464.48)
Other Instruction	395,122.37	84,274.37			(479,396.74)		(479,396.74)
Support services:							
Tuition	4,974,555.30	-			(4,974,555.30)		(4,974,555.30)
Student & Instruction Related Services	1,507,343.43	256,808.31		331,364.00	(1,432,787.74)		(1,432,787.74)
School Administrative Services	406,398.42	179,156.48			(585,554.90)		(585,554.90)
General Administrative Services	352,551.05	297,409.50			(649,960.55)		(649,960.55)
Central Services & Admin. Info. Technology	313,464.95	69,598.14			(383,063.09)		(383,063.09)
Plant Operations and Maintenance	960,770.95	109,867.14			(1,070,638.09)		(1,070,638.09)
Pupil Transportation	1,116,588.47	8,433.12	179,567.72		(945,453.87)		(945,453.87)
Unallocated Benefits	4,418,757.12	-			(4,418,757.12)		(4,418,757.12)
Charter Schools	77,875.00	-			(77,875.00)		(77,875.00)
Capital Outlay - Non-depreciable	5,765.00	-			(5,765.00)		(5,765.00)
Unallocated Depreciation	244,930.65	-			(244,930.65)		(244,930.65)
Total Governmental Activities	21,691,905.49	2,513,237.03	179,567.72	1,108,464.00	(22,917,110.80)	-	(22,917,110.80)
Business-type Activities:							
Food Service	526,893.45		29,782.26	511,120.64		14,009.45	14,009.45
Interlocal Technology Program	313,707.62		259,570.00			(54,137.62)	(54,137.62)
Community Services	6,657.30		1,125.00			(5,532.30)	(5,532.30)
Total Business-type Activities	847,258.37		290,477.26	511,120.64		(45,660.47)	(45,660.47)
Total Primary Government	22,539,163.86		470,044.98	1,619,584.64	(22,917,110.80)	(45,660.47)	(22,962,771.27)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					10,916,358.00		10,916,358.00
Federal and State Aid not Restricted					11,191,298.53		11,191,298.53
Investment Earnings					1,228.90	-	1,228.90
Miscellaneous Income					141,842.25		141,842.25
Total General Revenues, Special Items, Extraordinary Items and Transfers					22,250,727.68		22,250,727.68
Change in Net Position					(666,383.12)	(45,660.47)	(712,043.59)
Net Position—Beginning					3,665,526.55	729,725.00	4,395,251.55
Net Position—Ending					2,999,143.43	684,064.53	3,683,207.96

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

FUND FINANCIAL STATEMENTS

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Tax Levy Receivable	708,499.75		708,499.75
Interfund Receivables	392,919.11		392,919.11
Receivables from Other Governments	178,549.02	447,518.00	626,067.02
Restricted Cash and Cash Equivalents	1,280,173.31		1,280,173.31
Total Assets	2,560,141.19	447,518.00	3,007,659.19
LIABILITIES AND FUND BALANCES			
Liabilities:			
Cash Deficit	861,078.95		861,078.95
Accounts Payable	405,077.85	124,167.57	529,245.42
Interfund Payables		308,909.95	308,909.95
Payable to State Government		11,884.00	11,884.00
Deferred Revenue		2,556.48	2,556.48
Total Liabilities	1,266,156.80	447,518.00	1,713,674.80
Fund Balances:			
Restricted for:			
Emergency Reserve	169,690.79		169,690.79
Maintenance Reserve	66,702.90		66,702.90
Capital Reserve Account	318,779.62		318,779.62
Tuition Reserve	725,000.00		725,000.00
Assigned to:			
Other Purposes	16,337.99		16,337.99
Designated by the BOE for Subsequent Year's Expenditures	179,418.00		179,418.00
ARRA/SEMI Designated for Subsequent Year's Expenditures	399.68		399.68
Unassigned:			
General Fund	(182,344.59)		(182,344.59)
Total Fund Balances	1,293,984.39	447,518.00	1,293,984.39
Total Liabilities and Fund Balances	2,560,141.19	447,518.00	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,996,590.37 and the accumulated depreciation is \$5,924,328.33.	6,072,262.04
Accounts Payable for subsequent Pension payment is not a payable in the funds	(168,247.00)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred Outflows of Resources Related to PERS Pension Liability	1,604,988.00
Deferred Inflows of Resources Related to PERS Pension Liability	(427,826.00)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(5,376,018.00)
Net position of governmental activities	2,999,143.43

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	10,916,358.00		10,916,358.00
Transportation Fees	179,567.72		179,567.72
Interest Earned on Emergency Reserve Funds	48.66		48.66
Interest Earned on Capital Reserve Funds	286.24		286.24
Interest Earned on Investments	894.00		894.00
Miscellaneous	141,842.25		141,842.25
Total - Local Sources	<u>11,238,996.87</u>		<u>11,238,996.87</u>
State Sources	8,360,036.62	547,066.00	8,907,102.62
Federal Sources	28,217.91	561,398.00	589,615.91
Total Revenues	<u>19,627,251.40</u>	<u>1,108,464.00</u>	<u>20,735,715.40</u>
EXPENDITURES			
Current:			
Regular Instruction	4,518,062.25	777,100.00	5,295,162.25
Special Education Instruction	1,593,549.99		1,593,549.99
Other Special Instruction	29,070.54		29,070.54
Other Instruction	395,122.37		395,122.37
Support Services and Undistributed Costs:			
Tuition	4,974,555.30		4,974,555.30
Student & Instruction Related Services	1,175,979.43	331,364.00	1,507,343.43
School Administrative Services	406,398.42		406,398.42
General Administrative Services	352,551.05		352,551.05
Central & Admin. Inf. Technology	313,464.95		313,464.95
Plant Operations and Maintenance	960,770.95		960,770.95
Pupil Transportation	1,116,588.47		1,116,588.47
Unallocated Benefits	3,791,279.31		3,791,279.31
Capital Outlay	340,954.32		340,954.32
Transfer of Funds to Charter School	77,875.00		77,875.00
Total Expenditures	<u>20,046,222.35</u>	<u>1,108,464.00</u>	<u>21,154,686.35</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(418,970.95)</u>		<u>(418,970.95)</u>
Net Change in Fund Balances	(418,970.95)		(418,970.95)
Fund Balance—July 1	<u>1,712,955.34</u>		<u>1,712,955.34</u>
Fund Balance—June 30	<u>1,293,984.39</u>		<u>1,293,984.39</u>

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

MANCHESTER REGIONAL HIGH 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) (418,970.95)

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

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

Depreciation Expense	(346,623.99)	
Depreciable Capital Outlays	<u>335,189.32</u>	(11,434.67)

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

Increase/(Decrease) in Compensated Absences Payable	1,077.50
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District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	160,235.00	
Less: Pension Expense	<u>(397,290.00)</u>	
(Increase)/Decrease in Pension Expense		(237,055.00)

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

Increase in On-behalf State Aid TPAF Pension	2,803,044.00
Increase in On-behalf TPAF Pension Expense	(2,803,044.00)

Change in net position of governmental activities (666,383.12)

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities - Enterprise Fund			
	Food Service Program	Community Services Program	Interlocal Technology Program	Total Enterprise Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	248,509.16	10,115.79	217,281.98	475,906.93
Accounts Receivable:				
State	560.55			560.55
Federal	38,408.19			38,408.19
Other	1,284.00			1,284.00
Inventories	1,910.33			1,910.33
Total Current Assets	<u>290,672.23</u>	<u>10,115.79</u>	<u>217,281.98</u>	<u>518,070.00</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	348,763.03		20,195.27	368,958.30
Less Accumulated Depreciation	<u>(153,170.90)</u>		<u>(10,097.63)</u>	<u>(163,268.53)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>195,592.13</u>		<u>10,097.64</u>	<u>205,689.77</u>
Total Assets	<u><u>486,264.36</u></u>	<u><u>10,115.79</u></u>	<u><u>227,379.62</u></u>	<u><u>723,759.77</u></u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	13,596.80			13,596.80
Prepaid Revenue		700.00		700.00
Interfunds Payable	25,398.44			25,398.44
Total Current Liabilities	<u>38,995.24</u>	<u>700.00</u>		<u>39,695.24</u>
Total Liabilities	<u>38,995.24</u>	<u>700.00</u>		<u>39,695.24</u>
NET POSITION				
Invested in Capital Assets Net of Related Debt	195,592.13		10,097.64	205,689.77
Unrestricted	251,676.99	9,415.79	217,281.98	478,374.76
Total Net Position	<u><u>447,269.12</u></u>	<u><u>9,415.79</u></u>	<u><u>227,379.62</u></u>	<u><u>684,064.53</u></u>

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

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

	Business-Type Activities - Enterprise Fund			Total Enterprise Fund
	Food Service Program	Community Services Program	Interlocal Technology Program	
Operating Revenues:				
Charges for Services:				
Daily Sales - Non-Reimbursable Programs	29,782.26			29,782.26
Miscellaneous		1,125.00	259,570.00	260,695.00
Total Operating Revenues	<u>29,782.26</u>	<u>1,125.00</u>	<u>259,570.00</u>	<u>290,477.26</u>
Operating Expenses:				
Cost of sales-reimbursable programs	235,192.10			235,192.10
Cost of sales-non-reimbursable programs	13,699.25			13,699.25
Salaries	205,556.08		231,527.37	437,083.45
Supplies and Materials	9,173.98	200.30		9,374.28
Employee Benefits	8,734.09		76,424.00	85,158.09
Utilities	10,250.00			10,250.00
Purchased Professional Services		6,457.00	1,717.20	8,174.20
Cleaning Repair & Maintenance	18,893.53			18,893.53
Purchased Services	1,273.02			1,273.02
Miscellaneous Expense	3,569.00			3,569.00
Depreciation	20,552.40		4,039.05	24,591.45
Total Operating Expenses	<u>526,893.45</u>	<u>6,657.30</u>	<u>313,707.62</u>	<u>847,258.37</u>
Operating Income (Loss)	<u>(497,111.19)</u>	<u>(5,532.30)</u>	<u>(54,137.62)</u>	<u>(556,781.11)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	6,981.62			6,981.62
Federal Sources:				
National School Lunch Program	342,655.26			342,655.26
National School Breakfast Program	134,083.73			134,083.73
Food Distribution Program	27,400.03			27,400.03
Total Nonoperating Revenues (Expenses)	<u>511,120.64</u>			<u>511,120.64</u>
Income (Loss) Before Contributions & Transfers	<u>14,009.45</u>	<u>(5,532.30)</u>	<u>(54,137.62)</u>	<u>(45,660.47)</u>
Change in Net Position	14,009.45	(5,532.30)	(54,137.62)	(45,660.47)
Total Net Position—Beginning	433,259.67	14,948.09	281,517.24	729,725.00
Total Net Position—Ending	<u>447,269.12</u>	<u>9,415.79</u>	<u>227,379.62</u>	<u>684,064.53</u>

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Fund			
	Food Service Program	Community Services Program	Interlocal Technology Program	Total Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	28,498.26	1,825.00	285,153.34	315,476.60
Payments for Interfunds	(92,849.66)			(92,849.66)
Payments to Employees	(185,500.66)		(231,527.37)	(417,028.03)
Payments for Employee Benefits	(7,283.39)		(76,424.00)	(83,707.39)
Payments to Suppliers	(229,712.33)	(200.30)		(229,912.63)
Payments for Miscellaneous Expenses	(12,251.52)	(6,457.00)	(1,717.20)	(20,425.72)
Net Cash Provided by (Used for) Operating Activities	<u>(499,099.30)</u>	<u>(4,832.30)</u>	<u>(24,515.23)</u>	<u>(528,446.83)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	7,709.60			7,709.60
Federal Sources	532,295.65			532,295.65
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>540,005.25</u>			<u>540,005.25</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(16,403.54)			(16,403.54)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(16,403.54)</u>			<u>(16,403.54)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,502.41	(4,832.30)	(24,515.23)	(4,845.12)
Balances—Beginning of Year	224,006.75	14,948.09	241,797.21	480,752.05
Balances—End of Year	<u>248,509.16</u>	<u>10,115.79</u>	<u>217,281.98</u>	<u>475,906.93</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(497,111.19)	(5,532.30)	(54,137.62)	(556,781.11)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided				
(Used for) Operating Activities:				
Depreciation and Net Amortization	20,552.40		4,039.05	24,591.45
Food Distribution Program Donated Commodities	27,400.03			27,400.03
(Increase) Decrease in Accounts Receivable, Net	(1,284.00)		25,583.34	24,299.34
(Increase) Decrease in Inventories	34.20			34.20
Increase (Decrease) in Accounts Payable	7,428.90			7,428.90
Increase (Decrease) in Other Current Liabilities	(56,119.64)	700.00		(55,419.64)
Total Adjustments	<u>(1,988.11)</u>	<u>700.00</u>	<u>29,622.39</u>	<u>28,334.28</u>
Net Cash Provided by (Used for) Operating Activities	<u>(499,099.30)</u>	<u>(4,832.30)</u>	<u>(24,515.23)</u>	<u>(528,446.83)</u>

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	<u>Unemployment Compensation Trust Fund</u>	<u>Memorial Special Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	315,055.01	1,303.86	563,467.62
Interfund Receivable	15,192.16		
Total Assets	<u>330,247.17</u>	<u>1,303.86</u>	<u>563,467.62</u>
LIABILITIES			
Payable to Student Groups			118,871.03
Interfund Payable			73,802.88
Payroll Deductions and Withholdings			370,793.71
Total Liabilities			<u>563,467.62</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>330,247.17</u>		
Reserved for Other Purposes		<u>1,303.86</u>	

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Unemployment Compensation Trust Fund	Memorial Special Trust Fund
ADDITIONS		
Contributions:		
Plan Member	19,943.79	
Total Contributions	19,943.79	
Investment Earnings:		
Interest		0.82
Net Investment Earnings		0.82
Total Additions	19,943.79	0.82
DEDUCTIONS		
Quarterly Contribution Reports	8,523.04	
Unemployment Claims	58,471.17	
Total Deductions	66,994.21	
Change in Net Assets	(47,050.42)	0.82
Net Position—Beginning of the Year	377,297.59	1,303.04
Net Position—End of the Year	330,247.17	1,303.86

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

NOTES TO THE FINANCIAL STATEMENTS

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Manchester Regional High School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Manchester Regional High School District is a Type II district located in the County of Passaic, 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 9-12. The School District serves the high school needs of the Boroughs of Haledon, North Haledon and Prospect Park. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The District operates a high school located in the Borough of Haledon. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Manchester Regional High 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. The more significant of the board’s accounting policies are described below.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation:

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

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

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

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

General Fund - The General Fund is the general operating fund of the Board. 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 noninstructional equipment which are classified in the Capital Outlay subfund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to 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 Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS, (continued)

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

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

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

The Board's Enterprise Fund is comprised of the Food Service Fund, Interlocal Technology Program and the Community School Programs.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, the Memorial/Scholarship Funds, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Budgets/Budgetary Control: (continued)

later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

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

E. Encumbrances:

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

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned 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.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Cash, Cash Equivalents and Investments:

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

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with 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 at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Payable:

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

L. 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 Board 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 Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in 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, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Accounting and Financial Reporting for Pensions:

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

O. Accounting and Financial Reporting for Pensions: (continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

Q. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Q. Fund Balances: (continued)

- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

R. Net Position:

Net position represent 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 balances of any borrowings 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 Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

S. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

T. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

U. 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. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. 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 as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

W. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. Recent Accounting Pronouncements:

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District had no transactions of this type for the year ended June 30, 2017.

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$-0- of the District's bank balance of \$1,896,358.30 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school 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, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Enterprise Fund	District Wide Financial Statements
Tax Levy	\$708,499.75		708,499.75
State Aid	185,247.02	560.55	185,807.57
Federal Aid	440,820.00	38,408.19	479,228.19
Interfunds	392,919.11		58,610.72
Other	<u> </u>	<u>1,284.00</u>	<u>1,284.00</u>
Gross Receivables	1,727,485.88	40,252.74	1,433,430.23
Less: Allowance for Uncollectibles	<u> </u>	<u> </u>	<u> </u>
Total Receivables, Net	<u><u>\$1,727,485.88</u></u>	<u><u>\$40,252.74</u></u>	<u><u>\$1,433,430.23</u></u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2017, consist of the following:

\$308,909.95	Due to the General Fund from the Special Revenue Fund for short term loan.
18,384.62	Due to the General Fund from the Payroll Agency Fund for miscellaneous receipts.
25,398.44	Due to the General Fund from the Enterprise Fund to reimburse the General Fund for expenditures for goods or services.
40,026.10	Due to the General Fund from the Net Payroll Fund for excess deposit to Net Payroll Fund.
200.00	Due to the General Fund from the Agency Fund for Summer Savings Account deposit errors.
<u>15,192.16</u>	Due to Unemployment Trust Fund from Payroll Agency Fund for unemployment receipts deposited in Payroll Agency Fund.
<u>\$408,111.27</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 6. CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/17</u>
Governmental Activities				
Capital Assets Being Depreciated				
Land Improvements	987,444.00			987,444.00
Buildings and Improvements	9,768,410.34	1,947.50		9,770,357.84
Furniture, Equipment and Vehicles	<u>937,470.11</u>	<u>333,241.82</u>	<u>(31,923.40)</u>	<u>1,238,788.53</u>
Total Capital Assets, Being Depreciated	<u>11,693,324.45</u>	<u>335,189.32</u>	<u>(31,923.40)</u>	<u>11,996,590.37</u>
Less Accumulated Depreciation:				
Land Improvements	(324,479.20)	(39,092.20)		(363,571.40)
Buildings and Improvements	(4,801,063.50)	(194,157.65)		(4,995,221.15)
Furniture, Equipment and Vehicles	<u>(484,085.04)</u>	<u>(113,374.14)</u>	<u>31,923.40</u>	<u>(565,535.78)</u>
Total Accumulated Depreciation	<u>(5,609,627.74)</u>	<u>(346,623.99)</u>	<u>31,923.40</u>	<u>(5,924,328.33)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,083,696.71</u>	<u>(11,434.67)</u>	<u>0.00</u>	<u>6,072,262.04</u>
Governmental Activities Capital Assets, Net	<u>\$6,083,696.71</u>	<u>(\$11,434.67)</u>	<u>\$0.00</u>	<u>\$6,072,262.04</u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 6. CAPITAL ASSETS, (continued)

	Balance <u>6/30/16</u>	Additions	Deductions	Balance <u>6/30/17</u>
Business-Type Activity				
Equipment	\$421,872.44	\$16,403.54	(\$69,317.68)	\$368,958.30
Less Accumulated Depreciation				
Equipment	<u>(207,994.76)</u>	<u>(24,591.45)</u>	<u>69,317.68</u>	<u>(301,903.89)</u>
Business-Type Activity Capital Assets, Net	<u>\$213,877.68</u>	<u>(\$8,187.91)</u>	<u>\$0.00</u>	<u>\$205,689.77</u>

Depreciation expense was charged to governmental functions as follows:

Instructional - Regular	17,222.53
School Administrative Services	65,662.33
Plant Operations and Maintenance	10,375.36
Transportation	8,433.12
Unallocated Depreciation	<u>244,930.65</u>
	<u>\$346,623.99</u>

NOTE 7. OPERATING LEASES

The District had no operating leases outstanding as of June 30, 2017.

NOTE 8. LONG-TERM OBLIGATION ACTIVITY

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

	Balance <u>June 30, 2016</u>	Issued	Retired	Balance <u>June 30, 2017</u>	Amounts Due Within <u>One Year</u>
Net Pension Liability	\$4,011,481.00	\$1,330,457.00	\$	\$5,341,938.00	\$ -0-
Compensated Absences Payable	<u>35,157.50</u>	<u>4,732.50</u>	<u>5,810.00</u>	<u>34,080.00</u>	<u>-0-</u>
Total Governmental Activities	<u>\$4,046,638.50</u>	<u>\$1,335,189.50</u>	<u>\$5,810.00</u>	<u>\$5,376,018.00</u>	<u>\$ -0-</u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. LONG-TERM OBLIGATION ACTIVITY, (continued)

A. Bonds Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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. At June 30, 2017 the board had no bonds payable.

B. Bonds Authorized But Not Issued:

As of June 30, 2017 the Board has no authorized but not issued bonds.

C. Capital Leases Payable:

The District had no capital leases outstanding at June 30, 2017.

NOTE 9 . PENSION PLANS

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

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

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Benefits Provided

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/17	\$160,235.00	\$4,646.14
6/30/16	153,635.00	4,405.58
6/30/15	164,481.00	9,035.82

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension	Post-Retirement Medical	NCGI	LTD
<u>Ending</u> 6/30/17	<u>Contributions</u> \$623,094.00	<u>Contributions</u> \$537,991.00	<u>Premium</u> \$22,576.00	<u>Liability</u> \$1,539.00
6/30/16	444,984.00	556,246.00	22,166.00	
6/30/15	493,405.00	289,947.00	20,860.00	

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$431,590.62 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2017, the District had a liability of \$5,341,938.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportion was 0.0180366475 percent, which was an increase of 0.0001665397 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$397,290.00. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$99,344.00	\$
Changes of assumptions	1,106,564.00	
Net difference between projected and actual earnings on pension plan investments	203,693.00	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	27,140.00	427,826.00
District contributions subsequent to the measurement date	<u>168,247.00</u>	<u> </u>
Total	<u>\$1,604,988.00</u>	<u>\$427,826.00</u>

The \$168,247.00 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$317,359
2018	317,359
2019	367,671
2020	308,897
2021	98,315

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Changes in Proportion

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

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
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	0.0180366475%	0.01787001078%

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 rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

The actuarial assumptions used in the June 30, 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.

Mortality Rates

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 plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on 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).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE
STATEMENTS PER - GASB NO. 68, (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

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

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

	<u>June 30, 2016</u>		
	<u>1%</u> Decrease	At Current Discount Rate	<u>1%</u> Increase
District's proportionate share of the pension liability	<u>2.98%</u> \$6,545,921	<u>3.98%</u> \$5,341,938	<u>4.98%</u> \$4,347,945

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>45,899,568.00</u>
	<u>\$45,899,568.00</u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE
STATEMENTS PER - GASB NO. 68, (continued)**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was 0.0583471303%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$3,448,714.00 for contributions provided by the State in the District-Wide Financial Statements.

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, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Mortality Rates

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	<u>100.00%</u>	

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 10. POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension 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 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding 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 Chapter 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.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 10. POST-RETIREMENT BENEFITS, (continued)

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 11. DEFERRED COMPENSATION

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

Equitable
Lincoln Investment Planning
Oppenheimer
VALIC

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

Property and Liability Insurance - The District is currently a member of the Suburban Essex Joint Insurance Fund (the "Fund"). The Fund provides it's members with General Liability, Auto Liability, Property, Employee Benefits Liability, Worker's Compensation and Employer Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of School District's established for the purpose of providing low-cost insurance coverage for their respective members in order to keep insurance costs at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Funds are elected.

As a member of the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. However, this Fund has fully reinsured the exposures above all limits subscribed to by its members. The Funds can declare and distribute dividends to members upon arrival of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 12. RISK MANAGEMENT

Financial statements for the Funds are available at the office of the Fund’s administrator, 9 Campus Drive, Suite 16, Parsippany, NJ 07054.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017		\$19,943.79	\$66,994.21	\$330,247.17
2015-2016		17,624.56	16,383.84	377,297.59
2014-2015		16,966.11	31,961.11	376,056.87

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Manchester Regional High School District by inclusion of \$1.00 on September 21, 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 to *N.J.S.A.* 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 13. CAPITAL RESERVE ACCOUNT, (continued)

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

Beginning balance, July 1, 2016	\$651,735.20
Interest Earnings	<u>286.24</u>
	652,021.44
Budgeted Withdrawal	<u>333,241.82</u>
Ending balance, June 30, 2017	<u>\$318,779.62</u>

The balance in the capital reserve account at June 30, 2017 does not exceed the balance of local support costs of uncomplete capital projects in its LFRP.

NOTE 14. EMERGENCY RESERVE ACCOUNT

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000.00 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

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

Beginning balance, July 1, 2016	\$188,475.13
Interest Earnings	<u>48.66</u>
	188,523.79
Budgeted Withdrawal	<u>18,833.00</u>
Ending balance, June 30, 2017	<u>\$169,690.79</u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 15. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board of Education resolution adopted June 29, 2010. The account is maintained in the general fund. The maintenance reserve account is used to accumulated funds for the required maintenance of a facility in accordance with the EFCRA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$141,702.90
Budgeted Withdrawal	<u>75,000.00</u>
Ending balance, June 30, 2017	<u><u>\$66,702.90</u></u>

NOTE 16. TUITION RESERVE ACCOUNT

The tuition reserve account represents a year end fund balance classification to reserve unrestricted fund balance for a foreseeable future tuition adjustment pursuant to N.J.A.C. 6A:23A-17.1(f). The tuition reserve enables the District to reserve fund balance for an anticipated large tuition adjustment. The activity of the tuition reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$715,000.00
Deposits:	
Approved June 15, 2017	<u>395,000.00</u>
	1,110,000.00
Budgeted Withdrawal	<u>385,000.00</u>
Ending balance, June 30, 2017	<u><u>\$725,000.00</u></u>

NOTE 17. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$1,293,984.39 General Fund fund balance at June 30, 2017, \$16,337.99 is reserved for encumbrances; \$0.00 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$318,779.62 has been reserved in the Capital Reserve Account; \$169,690.79 has been reserved in the Emergency Reserve Account; \$66,702.90 has been reserved in the Maintenance Reserve Account; \$725,000.00 has been reserved in the Tuition Reserve Account; \$399.68 of prior year ARRA/SEMI Funds will be appropriated and included as anticipated revenue for the year ending June 30, 2018; \$179,418.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2018; and \$(182,344.59) is unreserved and undesignated.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus at June 30, 2017 is \$0.00.

NOTE 19. INVENTORY

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

Food	\$1,325.32
Supplies	<u>585.01</u>
	<u>\$1,910.33</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 20. DEFICIT IN UNASSIGNED FUND BALANCES

The District has a deficit fund balance of \$182,344.59 in the General Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more 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, 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 payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$182,344.59 is less than the last state aid payment of \$635,771.00.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 21. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally 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.

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 22. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 20, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	10,916,359.00		10,916,359.00	10,916,358.00	(1.00)
Transportation Fees	187,999.00		187,999.00	179,567.72	(8,431.28)
Interest on Emergency Reserve	100.00		100.00	48.66	(51.34)
Interest on Capital Reserve	350.00		350.00	286.24	(63.76)
Interest Income	1,000.00		1,000.00	894.00	(106.00)
Miscellaneous	147,000.00		147,000.00	141,842.25	(5,157.75)
Total - Local Sources	<u>11,252,808.00</u>		<u>11,252,808.00</u>	<u>11,238,996.87</u>	<u>(13,811.13)</u>
State Sources:					
School Choice Aid	1,356,264.00		1,356,264.00	1,356,264.00	
Categorical Special Education Aid	520,794.00		520,794.00	520,794.00	
Equalization Aid	4,386,379.00		4,386,379.00	4,386,379.00	
Categorical Security Aid	119,203.00		119,203.00	119,203.00	
Categorical Transportation Aid	57,435.00		57,435.00	57,435.00	
Under Adequacy Aid	80,644.00		80,644.00	80,644.00	
Additional Adjustment Aid	39,123.00		39,123.00	39,123.00	
PARCC Readiness Aid	9,770.00		9,770.00	9,770.00	
Per Pupil Growth Aid	9,770.00		9,770.00	9,770.00	
Professional Learning Community Aid	8,920.00		8,920.00	8,920.00	
Extraordinary Aid				138,676.00	138,676.00
Other State Aid - Reimburse Nonpublic School Transportation				18,855.00	18,855.00
On-behalf TPAF NCGI Premium (non-budgeted)				22,576.00	22,576.00
On-behalf TPAF Post Retirement Medical (non-budgeted)				537,991.00	537,991.00
On-behalf TPAF - LTDI				1,539.00	1,539.00
On-behalf TPAF Pension and Annuity (non-budgeted)				623,094.00	623,094.00
TPAF Social Security (Reimbursed - Non-Budgeted)				431,590.62	431,590.62
Total - State Sources	<u>6,588,302.00</u>		<u>6,588,302.00</u>	<u>8,362,623.62</u>	<u>1,774,321.62</u>
Federal Sources:					
Medicaid Reimbursement	33,670.00		33,670.00	27,818.23	(5,851.77)
ARRA SEMI				399.68	399.68
Total - Federal Sources	<u>33,670.00</u>		<u>33,670.00</u>	<u>28,217.91</u>	<u>(5,452.09)</u>
TOTAL REVENUES	<u>17,874,780.00</u>		<u>17,874,780.00</u>	<u>19,629,838.40</u>	<u>1,755,058.40</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	4,268,000.00	(104,616.00)	4,163,384.00	4,135,215.58	28,168.42
Regular Programs - Home Instruction:					
Salaries of Teachers	14,000.00	100.00	14,100.00	7,692.79	6,407.21
Purchased Professional-Educational Services	20,000.00	1,100.00	21,100.00	18,855.00	2,245.00
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	130,852.00	76,855.00	207,707.00	207,254.10	452.90
Purchased Technical Services	28,273.00	2,400.00	30,673.00	30,483.35	189.65
Other Purchased Services (400-500 series)	2,700.00	(2,400.00)	300.00	290.56	9.44
General Supplies	64,530.00	31,655.00	96,185.00	95,183.67	1,001.33
Textbooks	4,000.00	16,150.00	20,150.00	19,387.70	762.30
Other Objects	5,000.00	(1,000.00)	4,000.00	3,699.50	300.50
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>4,537,355.00</u>	<u>20,244.00</u>	<u>4,557,599.00</u>	<u>4,518,062.25</u>	<u>39,536.75</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Purchased Professional-Educational Services	25,049.00	(25,049.00)			
General Supplies	2,255.68	(1,000.00)	1,255.68	507.75	747.93
Textbooks	510.00		510.00	128.20	381.80
Total Learning and/or Language Disabilities	<u>27,814.68</u>	<u>(26,049.00)</u>	<u>1,765.68</u>	<u>635.95</u>	<u>1,129.73</u>
Behavioral Disabilities:					
Salaries of Teachers	184,704.00	(10,239.00)	174,465.00	166,434.30	8,030.70
Other Salaries for Instruction	16,900.00		16,900.00	16,744.80	155.20
General Supplies	1,000.00	(750.00)	250.00		250.00
Textbooks	1,000.00	(750.00)	250.00		250.00
Other Objects					
Total Behavioral Disabilities	<u>203,604.00</u>	<u>(11,739.00)</u>	<u>191,865.00</u>	<u>183,179.10</u>	<u>8,685.90</u>
Multiple Disabilities:					
Salaries of Teachers					
Other Salaries for Instruction	33,800.00	23,350.00	57,150.00	57,142.50	7.50
Purchased Professional-Educational Services	781,783.00	(9,200.00)	772,583.00	764,545.74	8,037.26
General Supplies	800.00	(500.00)	300.00		300.00
Total Multiple Disabilities	<u>816,383.00</u>	<u>13,650.00</u>	<u>830,033.00</u>	<u>821,688.24</u>	<u>8,344.76</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Resource Center:					
Salaries of Teachers	498,911.00	3,089.00	502,000.00	501,676.94	323.06
Other Salaries for Instruction	46,916.00		46,916.00	45,725.40	1,190.60
General Supplies	700.00	(500.00)	200.00		200.00
Textbooks	1,300.00	(500.00)	800.00		800.00
Total Resource Room/Resource Center	<u>547,827.00</u>	<u>2,089.00</u>	<u>549,916.00</u>	<u>547,402.34</u>	<u>2,513.66</u>
Home Instruction:					
Salaries of Teachers	15,000.00	25,649.00	40,649.00	40,644.36	4.64
Purchased Professional-Educational Services	7,000.00	(2,600.00)	4,400.00		4,400.00
Total Home Instruction	<u>22,000.00</u>	<u>23,049.00</u>	<u>45,049.00</u>	<u>40,644.36</u>	<u>4,404.64</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,617,628.68</u>	<u>1,000.00</u>	<u>1,618,628.68</u>	<u>1,593,549.99</u>	<u>25,078.69</u>
Bilingual Education - Instruction					
Salaries of Teachers	27,502.00	700.00	28,202.00	28,155.56	46.44
General Supplies	500.00	(75.00)	425.00	380.38	44.62
Textbooks	250.00		250.00	210.60	39.40
Other Objects		325.00	325.00	324.00	1.00
Total Bilingual Education - Instruction	<u>28,252.00</u>	<u>950.00</u>	<u>29,202.00</u>	<u>29,070.54</u>	<u>131.46</u>
School-Sponsored Cocurricular Activities - Instruction					
Salaries	95,988.00		95,988.00	58,421.62	37,566.38
Purchased Services (300-500 series)	3,500.00	100.00	3,600.00	3,591.60	8.40
Supplies and Materials	5,750.00	(350.00)	5,400.00	3,706.87	1,693.13
Total School-Sponsored Cocurricular Activities - Instruction	<u>105,238.00</u>	<u>(250.00)</u>	<u>104,988.00</u>	<u>65,720.09</u>	<u>39,267.91</u>
School-Sponsored Athletics - Instruction					
Salaries	237,353.00		237,353.00	224,257.48	13,095.52
Purchased Services (300-500 series)	25,425.00	(3,250.00)	22,175.00	10,660.94	11,514.06
Supplies and Materials	53,976.30	(3,250.00)	50,726.30	43,445.46	7,280.84
Other Objects	24,000.00		24,000.00	20,538.40	3,461.60
Transfers to Cover Deficit (Agency Funds)	24,000.00	6,500.00	30,500.00	30,500.00	
Total School-Sponsored Athletics - Instruction	<u>364,754.30</u>	<u>3,250.00</u>	<u>368,004.30</u>	<u>329,402.28</u>	<u>38,602.02</u>
TOTAL INSTRUCTION	<u>6,653,227.98</u>	<u>21,944.00</u>	<u>6,675,171.98</u>	<u>6,535,805.15</u>	<u>139,366.83</u>
Undistributed Expenditures - Instruction:					
Tuition to County Voc. School District - Regular	4,122,744.00		4,122,744.00	4,122,744.00	
Tuition to County Voc. School District - Special	94,145.00	13,200.00	107,345.00	107,325.30	19.70
Tuition to CSSD & Regional Day Schools	163,960.00	(145,850.00)	18,110.00	4,000.00	14,110.00
Tuition to Private Schools for the Disabled - Within State	973,335.00	(138,957.00)	834,378.00	725,986.00	108,392.00
Tuition to Private Schools for the Disabled - Out of State		10,000.00	10,000.00	10,000.00	
Tuition - State Facilities	4,500.00		4,500.00	4,500.00	
Total Undistributed Expenditures - Instruction:	<u>5,358,684.00</u>	<u>(261,607.00)</u>	<u>5,097,077.00</u>	<u>4,974,555.30</u>	<u>122,521.70</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	49,530.00		49,530.00	43,937.68	5,592.32
Other Purchased Services (400-500 series)	800.00		800.00	476.19	323.81
Supplies and Materials	1,000.00		1,000.00	336.22	663.78
Total Undistributed Expend. - Attend. & Social Work	<u>51,330.00</u>		<u>51,330.00</u>	<u>44,750.09</u>	<u>6,579.91</u>
Undist. Expend. - Health Services					
Salaries	70,777.00	1,723.00	72,500.00	72,303.00	197.00
Purchased Professional and Technical Services	63,407.00	(6,972.00)	56,435.00	45,248.20	11,186.80
Supplies and Materials	2,000.00	500.00	2,500.00	2,238.65	261.35
Total Undistributed Expenditures - Health Services	<u>136,184.00</u>	<u>(4,749.00)</u>	<u>131,435.00</u>	<u>119,789.85</u>	<u>11,645.15</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	16,809.00	8,200.00	25,009.00	22,639.95	2,369.05
Purchased Professional - Educational Services	182,369.00	(9,250.00)	173,119.00	128,733.80	44,385.20
Supplies and Materials	1,700.00		1,700.00	1,468.70	231.30
Total Undist. Expend. - Speech, OT, PT & Related Services	<u>200,878.00</u>	<u>(1,050.00)</u>	<u>199,828.00</u>	<u>152,842.45</u>	<u>46,985.55</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	405,660.00	2,340.00	408,000.00	407,554.72	445.28
Salaries of Secretarial and Clerical Assistants	56,791.00	1,209.00	58,000.00	57,672.96	327.04
Purchased Professional - Educational Services	7,500.00		7,500.00	2,416.00	5,084.00
Other Purchased Prof. and Tech. Services	4,300.00		4,300.00	2,681.00	1,619.00
Supplies and Materials	4,500.00	(1,000.00)	3,500.00	913.20	2,586.80
Other Objects	600.00		600.00	269.50	330.50
Total Undist. Expend. - Guidance	<u>479,351.00</u>	<u>2,549.00</u>	<u>481,900.00</u>	<u>471,507.38</u>	<u>10,392.62</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	167,157.00	13,893.00	181,050.00	181,041.64	8.36
Salaries of Secretarial and Clerical Assistants	47,578.00	(1,578.00)	46,000.00	45,429.12	570.88
Purchased Professional - Educational Services	94,066.00	(1,000.00)	93,066.00	92,860.00	206.00
Other Purchased Prof. and Tech. Services	5,500.00	5,800.00	11,300.00	11,040.00	260.00
Other Purchased Services (400-500 series)	350.00	(300.00)	50.00		50.00
Supplies and Materials	2,000.00	(50.00)	1,950.00	1,826.68	123.32
Other Objects	250.00	(150.00)	100.00		100.00
Total Undist. Expend. - Child Study Teams	<u>316,901.00</u>	<u>16,615.00</u>	<u>333,516.00</u>	<u>332,197.44</u>	<u>1,318.56</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Improvement of Instructional Services					
Purchased Prof- Educational Services		10,000.00	10,000.00	10,000.00	
Total Undist. Expend. - Improvement of Inst. Services		<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>	
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	38,808.00		38,808.00	30,489.47	8,318.53
Salaries of Secretarial and Clerical Assistants	20,400.00		20,400.00		20,400.00
Purchased Professional and Technical Services	1,000.00		1,000.00	1,000.00	
Other Purchased Services (400-500 series)	2,005.00	1,300.00	3,305.00	3,185.41	119.59
Supplies and Materials	2,000.00	(422.00)	1,578.00	1,578.00	
Other Objects	300.00	122.00	422.00	368.54	53.46
Total Undist. Expend. - Educational Media Serv./Sch. Library	<u>64,513.00</u>	<u>1,000.00</u>	<u>65,513.00</u>	<u>36,621.42</u>	<u>28,891.58</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Serv		10,750.00	10,750.00	8,270.80	2,479.20
Total Undist. Expend. - Instructional Staff Training Serv.		<u>10,750.00</u>	<u>10,750.00</u>	<u>8,270.80</u>	<u>2,479.20</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	150,152.00	(3,685.84)	146,466.16	136,187.42	10,278.74
Legal Services	35,000.00	33,744.84	68,744.84	68,744.84	
Audit Fees	22,500.00	3,500.00	26,000.00	26,000.00	
Other Purchased Professional Services	19,500.00	10,824.00	30,324.00	27,323.24	3,000.76
Communications/Telephone	55,000.00	(5,553.00)	49,447.00	49,446.93	0.07
BOE Other Purchased Services	4,000.00	477.00	4,477.00	4,446.14	30.86
Other Purchased Services (400-500 series)	13,800.00	11,837.00	25,637.00	25,618.53	18.47
General Supplies	2,000.00	(1,400.00)	600.00	561.97	38.03
Miscellaneous Expenditures	4,200.00	(503.00)	3,697.00	3,619.18	77.82
BOE Membership Dues and Fees	9,500.00	1,103.00	10,603.00	10,602.80	0.20
Total Undist. Expend. - Supp. Serv. - General Administration	<u>315,652.00</u>	<u>50,344.00</u>	<u>365,996.00</u>	<u>352,551.05</u>	<u>13,444.95</u>
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	266,889.00		266,889.00	265,461.12	1,427.88
Salaries of Secretarial and Clerical Assistants	101,468.00	14,600.00	116,068.00	115,229.04	838.96
Purchased Professional Services		275.00	275.00		275.00
Other Purchased Services (400-500 series)	7,650.00	2,611.00	10,261.00	9,520.20	740.80
Supplies and Materials	8,240.00	900.00	9,140.00	8,042.71	1,097.29
Other Objects	3,500.00	4,690.00	8,190.00	8,145.35	44.65
Total Undist. Expend. - Support Serv. - School Administration	<u>387,747.00</u>	<u>23,076.00</u>	<u>410,823.00</u>	<u>406,398.42</u>	<u>4,424.58</u>
Undist. Expend. - Central Services					
Salaries	191,294.00	(850.00)	190,444.00	158,451.05	31,992.95
Purchased Professional Services	17,000.00	1,871.00	18,871.00	18,870.68	0.32
Purchased Technical Services	500.00	(270.00)	230.00	46.63	183.37
Misc. Purchased Services (400-500 series)	200.00	275.00	475.00	442.73	32.27
Supplies and Materials	4,000.00	(1,331.00)	2,669.00	2,642.97	26.03
Other Objects	1,000.00	305.00	1,305.00	1,292.78	12.22
Total Undist. Expend. - Central Services	<u>213,994.00</u>		<u>213,994.00</u>	<u>181,746.84</u>	<u>32,247.16</u>
Undist. Expend. - Admin. Info. Tech.					
Salaries	80,000.00		80,000.00	75,000.00	5,000.00
Purchased Technical Services	21,799.00		21,799.00	21,013.21	785.79
Other Purchased Services (400-500 series)	2,700.00		2,700.00	301.51	2,398.49
Supplies and Materials	35,650.00	(6,502.74)	29,147.26	24,850.65	4,296.61
Other Objects	4,050.00	6,502.74	10,552.74	10,552.74	
Total Undist. Expend. - Admin. Info. Tech.	<u>144,199.00</u>		<u>144,199.00</u>	<u>131,718.11</u>	<u>12,480.89</u>
Undist. Expend. - Required Maint. for School Facilities					
Salaries	25,500.00	3,000.00	28,500.00	28,008.00	492.00
Cleaning, Repair and Maintenance Services	92,000.00	3,625.00	95,625.00	93,872.86	1,752.14
General Supplies	14,000.00	3,850.00	17,850.00	17,283.44	566.56
Other Objects	1,000.00		1,000.00	508.00	492.00
Total Undist. Expend. - Required Maint. for School Facilities	<u>132,500.00</u>	<u>10,475.00</u>	<u>142,975.00</u>	<u>139,672.30</u>	<u>3,302.70</u>
Undist. Expend. - Custodial Services					
Salaries	291,841.00	14,522.00	306,363.00	305,714.42	648.58
Cleaning, Repair and Maintenance Services	33,400.00	2,510.00	35,910.00	35,906.09	3.91
Other Purchased Property Services	47,500.00	13,140.00	60,640.00	57,697.89	2,942.11
Insurance	93,000.00	(14,300.00)	78,700.00	78,382.02	317.98
General Supplies	56,840.23		56,840.23	55,940.10	900.13
Energy (Energy and Electricity)	150,000.00	(4,500.00)	145,500.00	137,672.27	7,827.73
Other Objects		3,775.00	3,775.00	3,775.00	
Energy (Natural Gas)	75,000.00	(3,600.00)	71,400.00	67,328.73	4,071.27
Total Undist. Expend. - Custodial Services	<u>747,581.23</u>	<u>11,547.00</u>	<u>759,128.23</u>	<u>742,416.52</u>	<u>16,711.71</u>
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	1,000.00	(900.00)	100.00		100.00
General Supplies	1,500.00	2,550.00	4,050.00	4,049.00	1.00
Total Undist. Expend. - Care & Upkeep of Grounds	<u>2,500.00</u>	<u>1,650.00</u>	<u>4,150.00</u>	<u>4,049.00</u>	<u>101.00</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Security					
Salaries	51,000.00		51,000.00	51,000.00	
Purchased Professional and Technical Services	28,000.00		28,000.00	23,595.24	4,404.76
General Supplies	2,000.00	(1,050.00)	950.00	37.89	912.11
Total Undist. Expend. - Security	<u>81,000.00</u>	<u>(1,050.00)</u>	<u>79,950.00</u>	<u>74,633.13</u>	<u>5,316.87</u>
Total Undist. Expend. - Oper. & Maint. Of Plant	<u>963,581.23</u>	<u>22,622.00</u>	<u>986,203.23</u>	<u>960,770.95</u>	<u>25,432.28</u>
Undist. Expend. - Student Transportation Services					
Management Fee - ESC & CTSA Trans. Program	34,266.00	(2,718.64)	31,547.36	31,547.36	
Contracted Services (Between Home and School)-Vendors	229,693.00	17,481.20	247,174.20	247,173.42	0.78
Contracted Services (Other than Bet Home and School)-Vendors	69,000.00	7,710.00	76,710.00	76,708.81	1.19
Contracted Services (Regular Students)-ESCs & CTSA	141,017.00	(18,758.52)	122,258.48	116,375.98	5,882.50
Contracted Services (Special Ed. Students)-ESCs & CTSA	391,940.00	47,260.96	439,200.96	439,200.00	0.96
Contracted Services - Aid in Lieu Payments	181,630.00	26,355.00	207,985.00	205,530.00	2,455.00
Miscellaneous Expenditures		60.00	60.00	52.90	7.10
Total Undist. Expend. - Student Transportation Services	<u>1,047,546.00</u>	<u>77,390.00</u>	<u>1,124,936.00</u>	<u>1,116,588.47</u>	<u>8,347.53</u>
UNALLOCATED BENEFITS					
Social Security Contributions	131,040.00	24,924.00	155,964.00	148,192.84	7,771.16
Other Retirement Contributions - PERS	156,140.00	5,076.00	161,216.00	161,216.00	
Other Retirement Contributions - Regular	9,100.00	(4,200.00)	4,900.00	4,646.14	253.86
Workmen's Compensation	55,319.00		55,319.00	55,284.93	34.07
Health Benefits	1,825,688.00	11,116.00	1,836,804.00	1,786,308.78	50,495.22
Tuition Reimbursement	25,460.00	(7,250.00)	18,210.00	15,390.00	2,820.00
Other Employee Benefits	2,000.00	1,450.00	3,450.00	3,450.00	
TOTAL UNALLOCATED BENEFITS	<u>2,204,747.00</u>	<u>31,116.00</u>	<u>2,235,863.00</u>	<u>2,174,488.69</u>	<u>61,374.31</u>
On-behalf Teachers Pension and Annuity Fund (non-budgeted)				623,094.00	(623,094.00)
On-behalf TPAF NCGI Premium (non-budgeted)				22,576.00	(22,576.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)				537,991.00	(537,991.00)
On-behalf TPAF - LTDI				1,539.00	(1,539.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				431,590.62	(431,590.62)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>1,616,790.62</u>	<u>(1,616,790.62)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>2,204,747.00</u>	<u>31,116.00</u>	<u>2,235,863.00</u>	<u>3,791,279.31</u>	<u>(1,555,416.31)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>11,885,307.23</u>	<u>(21,944.00)</u>	<u>11,863,363.23</u>	<u>13,091,587.88</u>	<u>(1,228,224.65)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>18,538,535.21</u>	<u>0.00</u>	<u>18,538,535.21</u>	<u>19,627,393.03</u>	<u>(1,088,857.82)</u>
CAPITAL OUTLAY					
Equipment					
Support Services:					
Undistributed Expenditures - Non-Instructional		3,345.00	3,345.00	3,345.00	
Total Equipment		<u>3,345.00</u>	<u>3,345.00</u>	<u>3,345.00</u>	
Facilities Acquisition and Construction Services					
Construction Services	335,716.50	(3,872.18)	331,844.32	331,844.32	
Assessment for Debt Service on SDA Funding	5,765.00		5,765.00	5,765.00	
Total Facilities Acquisition and Construction Services	<u>341,481.50</u>	<u>(3,872.18)</u>	<u>337,609.32</u>	<u>337,609.32</u>	
TOTAL CAPITAL OUTLAY	<u>341,481.50</u>	<u>(527.18)</u>	<u>340,954.32</u>	<u>340,954.32</u>	
Transfer of Funds to Charter Schools	<u>90,981.00</u>		<u>90,981.00</u>	<u>77,875.00</u>	<u>13,106.00</u>
TOTAL EXPENDITURES	<u>18,970,997.71</u>	<u>(527.18)</u>	<u>18,970,470.53</u>	<u>20,046,222.35</u>	<u>(1,075,751.82)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(1,096,217.71)</u>	<u>527.18</u>	<u>(1,095,690.53)</u>	<u>(416,383.95)</u>	<u>679,306.58</u>
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(1,096,217.71)</u>	<u>527.18</u>	<u>(1,095,690.53)</u>	<u>(416,383.95)</u>	<u>679,306.58</u>
Fund Balance, July 1	<u>2,346,139.34</u>		<u>2,346,139.34</u>	<u>2,346,139.34</u>	
Fund Balance, June 30	<u>1,249,921.63</u>	<u>527.18</u>	<u>1,250,448.81</u>	<u>1,929,755.39</u>	<u>679,306.58</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation of excess (deficiency) of revenues under expenditures					
Adjustment for Prior Year Encumbrances	(27,334.71)		(27,334.71)	(27,334.71)	
Increase in Capital Reserve:					
Interest	350.00		350.00	286.24	(63.76)
Increase in Emergency Reserve					
Interest	100.00		100.00	48.66	(51.34)
Increase in Tuition Reserve					
Principal				395,000.00	395,000.00
Budgeted Withdrawal from Maintenance Reserve	(75,000.00)		(75,000.00)	(75,000.00)	
Budgeted Withdrawal from Emergency Reserve	(18,833.00)		(18,833.00)	(18,833.00)	
Budgeted Withdrawal from Tuition Reserve	(385,000.00)		(385,000.00)	(385,000.00)	
Budgeted Withdrawal from Capital Reserve	(333,769.00)	527.18	(333,241.82)	(333,241.82)	
Budgeted Fund Balance	<u>(256,731.00)</u>		<u>(256,731.00)</u>	<u>27,690.68</u>	<u>284,421.68</u>
	<u>(1,096,217.71)</u>	<u>527.18</u>	<u>(1,095,690.53)</u>	<u>(416,383.95)</u>	<u>679,306.58</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				318,779.62	
Maintenance Reserve				66,702.90	
Emergency Reserve				169,690.79	
Tuition Reserve - 2015/2016				330,000.00	
Tuition Reserve - 2016/2017				395,000.00	
Assigned Fund Balance:					
Year-End Encumbrances				16,337.99	
ARRA/SEMI Designated for Subsequent Year's Expenditures				399.68	
Designated for Subsequent Year's Expenditures				179,418.00	
Unassigned Fund Balance					
				<u>453,426.41</u>	
				1,929,755.39	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(635,771.00)	
Fund Balance per Governmental Funds (GAAP)				<u>1,293,984.39</u>	

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	543,049.00	15,901.00	558,950.00	547,066.00	(11,884.00)
Federal Sources	439,366.00	244,488.00	683,854.00	561,398.00	(122,456.00)
Total Revenues	982,415.00	260,389.00	1,242,804.00	1,108,464.00	(134,340.00)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	158,337.00	21,663.00	180,000.00	170,317.00	9,683.00
Purchased Professional - Educational Services	243,759.00	50,559.00	294,318.00	282,565.00	11,753.00
Purchased Professional and Technical Services		96,553.00	96,553.00	92,875.00	3,678.00
Other Purchased Services (400-500 series)	178,204.00	46,497.00	224,701.00	165,119.00	59,582.00
General Supplies	3,425.00	45,726.00	49,151.00	41,942.00	7,209.00
Textbooks	24,439.00	(807.00)	23,632.00	23,582.00	50.00
Other Objects		700.00	700.00	700.00	
Total Instruction	608,164.00	260,891.00	869,055.00	777,100.00	91,955.00
Support Services:					
Personal Services - Employee Benefits	20,000.00	27,211.80	47,211.80	47,212.00	(0.20)
Purchased Professional & Technical Services	15,672.00	13,147.00	28,819.00	16,846.00	11,973.00
Purchased Professional - Educational Services	333,629.00	(50,486.00)	283,143.00	263,976.00	19,167.00
Other Purchased Services (400-500 series)		11,695.20	11,695.20	450.00	11,245.20
Other Objects		2,880.00	2,880.00	2,880.00	
Total Support Services	369,301.00	4,448.00	373,749.00	331,364.00	42,385.00
Facilities Acquisition and Const. Serv.:					
Instructional Equipment	4,950.00	(4,950.00)			
Total Facilities Acquisition and Const. Serv.	4,950.00	(4,950.00)			
Total Expenditures	982,415.00	260,389.00	1,242,804.00	1,108,464.00	134,340.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
For the Year Ended June 30, 2017

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	19,629,838.40	1,108,464.00
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			
Less Current Year Encumbrances			
Pension expense recognized for GAAP but not for budgetary purposes.			
The last State aid payment is recognized as revenue for budgetary purposes in the General Fund, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(635,771.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		633,184.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	19,627,251.40	1,108,464.00
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	20,046,222.35	1,108,464.00
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		N/A	
Add Prior Year Encumbrances			
Less Current Year Encumbrances			
Pension expense recognized for GAAP but not for budgetary purposes.		N/A	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	20,046,222.35	1,108,464.00

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - PERS
Last 10 Fiscal Years***

<u>Fiscal Year Ending June30,</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Covered Payroll -PERS Employee's</u>	<u>District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2015	0.0199519502%	\$3,735,551	\$1,223,579	305.30%	52.08%
2016	0.0178701078%	4,011,481	1,168,894	343.19%	47.93%
2017	0.0180366475%	5,341,938	1,219,949	437.88%	59.86%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
2015	\$164,481	\$164,481	\$ -	\$1,223,579	13.44%
2016	153,635	153,635	-	1,168,894	13.14%
2017	160,235	160,235	-	1,219,949	13.13%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

<u>Fiscal Year Ending June30,</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)</u>	<u>District's Covered Payroll -TPAF Employee's</u>	<u>District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2015	0.0541970684%	\$ -	\$28,966,569	\$5,807,053	0.00%	33.64%
2016	0.0574890785%	\$ -	36,335,553	5,725,673	0.00%	28.71%
2017	0.0583471303%	\$ -	45,899,568	5,943,691	0.00%	28.75%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2016

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (3.22%), resulting in a change in the discount rate from 4.13 to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

SPECIAL REVENUE FUND

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

	Total Brought Forward (Ex. E-1a)	Title I		Title II		I.D.E.A. Part B Basic	School Based Youth Service	Totals 2017
		Part - A Improving Basic Programs	Part - A Teacher/Principal Training & Recruiting	Part - A	Part - B			
REVENUES								
State Sources	547,066.00							547,066.00
Federal Sources		230,514.00	19,726.00			263,882.00	47,276.00	561,398.00
Total Revenues	547,066.00	230,514.00	19,726.00			263,882.00	47,276.00	1,108,464.00
EXPENDITURES:								
Instruction:								
Salaries of Teachers	170,317.00							170,317.00
Purchased Professional - Educational Services	282,565.00					92,875.00		282,565.00
Purchased Professional and Technical Services						165,119.00		92,875.00
Other Purchased Services (400-500 series)						4,738.00		165,119.00
General Supplies	24,219.00	12,985.00						41,942.00
Textbooks	23,582.00							23,582.00
Other Objects						700.00		700.00
Total Instruction	330,366.00	183,302.00				263,432.00		777,100.00
Support Services:								
Personal Services - Employee Benefits	47,212.00							47,212.00
Purchased Professional & Technical Services			16,846.00					16,846.00
Purchased Professional - Educational Services	216,700.00						47,276.00	263,976.00
Other Purchased Services (400-500 series)						450.00		450.00
Other Objects			2,880.00					2,880.00
Total Support Services	216,700.00	47,212.00	19,726.00			450.00	47,276.00	331,364.00
Total Expenditures	547,066.00	230,514.00	19,726.00			263,882.00	47,276.00	1,108,464.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)								

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

	Total Brought Forward (Ex. E-1c)	School Based Youth Service	Ch. 193 - Handicapped Services				Nonpublic Security Aid	Total Carried Forward
			Nonpublic Initial Exam & Classification	Nonpublic Annual Exam & Classification	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction		
REVENUES								
State Sources	183,175.00	216,700.00	46,615.00	17,689.00	2,562.00	24,219.00	547,066.00	
Federal Sources								
Total Revenues	183,175.00	216,700.00	46,615.00	17,689.00	2,562.00	24,219.00	547,066.00	
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Purchased Professional - Educational Services	159,593.00		46,615.00	17,689.00	2,562.00		282,565.00	
Purchased Professional and Technical Services								
Other Purchased Services (400-500 series)								
General Supplies	23,582.00					24,219.00	24,219.00	
Textbooks							23,582.00	
Other Objects								
Total Instruction	183,175.00		46,615.00	17,689.00	2,562.00	24,219.00	330,366.00	
Support Services:								
Personal Services - Employee Benefits								
Purchased Professional & Technical Services		216,700.00					216,700.00	
Purchased Professional - Educational Services								
Other Purchased Services (400-500 series)								
Other Objects								
Total Support Services		216,700.00					216,700.00	
Total Expenditures	183,175.00	216,700.00	46,615.00	17,689.00	2,562.00	24,219.00	547,066.00	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)								

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017

Ch. 192

Auxiliary Services

	Nonpublic Technology Aid	Nonpublic Compensatory Education	English as a Second Language	Nonpublic Home Instruction	Nonpublic Textbook Aid	Nonpublic Nursing Aid	Total Carried Forward
REVENUES							
State Sources	9,703.00	98,538.00	914.00	6,698.00	23,582.00	43,740.00	183,175.00
Federal Sources							
Total Revenues	9,703.00	98,538.00	914.00	6,698.00	23,582.00	43,740.00	183,175.00
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Purchased Professional - Educational Services	9,703.00	98,538.00	914.00	6,698.00		43,740.00	159,593.00
Purchased Professional and Technical Services							
Other Purchased Services (400-500 series)							
General Supplies					23,582.00		23,582.00
Textbooks							
Other Objects							
Total instruction	9,703.00	98,538.00	914.00	6,698.00	23,582.00	43,740.00	183,175.00
Support services:							
Personal Services - Employee Benefits							
Purchased Professional & Technical Services							
Purchased Professional - Educational Services							
Other Purchased Services (400-500 series)							
Other Objects							
Total support services							
Total Expenditures	9,703.00	98,538.00	914.00	6,698.00	23,582.00	43,740.00	183,175.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)							

PROPRIETARY FUNDS

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Net Position
Enterprise Funds
June 30, 2017

	Food Service Program	Community Services Program	Technology Program	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	248,509.16	10,115.79	217,281.98	475,906.93
Accounts Receivable:				
State	560.55			560.55
Federal	38,408.19			38,408.19
Other	1,284.00			1,284.00
Inventories	1,910.33			1,910.33
Total Current Assets	<u>290,672.23</u>	<u>10,115.79</u>	<u>217,281.98</u>	<u>518,070.00</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	348,763.03		20,195.27	368,958.30
Less Accumulated Depreciation	<u>(153,170.90)</u>		<u>(10,097.63)</u>	<u>(163,268.53)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>195,592.13</u>		<u>10,097.64</u>	<u>205,689.77</u>
Total Assets	<u><u>486,264.36</u></u>	<u><u>10,115.79</u></u>	<u><u>227,379.62</u></u>	<u><u>723,759.77</u></u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	13,596.80			13,596.80
Prepaid Revenue		700.00		700.00
Interfunds Payable	<u>25,398.44</u>			<u>25,398.44</u>
Total Current Liabilities	<u>38,995.24</u>	<u>700.00</u>		<u>39,695.24</u>
Total Liabilities	<u>38,995.24</u>	<u>700.00</u>		<u>39,695.24</u>
NET POSITION				
Invested in Capital Assets Net of Related Debt	195,592.13		10,097.64	205,689.77
Unrestricted	<u>251,676.99</u>	9,415.79	217,281.98	478,374.76
Total Net Position	<u><u>447,269.12</u></u>	<u><u>9,415.79</u></u>	<u><u>227,379.62</u></u>	<u><u>684,064.53</u></u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2017

	<u>Food Service Program</u>	<u>Community Services Program</u>	<u>Technology Program</u>	<u>Totals</u>
Operating Revenues:				
Charges for Services:				
Daily Sales - Non-Reimbursable Programs	29,782.26			29,782.26
Miscellaneous - Program Fees		1,125.00	259,570.00	260,695.00
Total Operating Revenues	<u>29,782.26</u>	<u>1,125.00</u>	<u>259,570.00</u>	<u>290,477.26</u>
Operating Expenses:				
Cost of sales-reimbursable programs	235,192.10			235,192.10
Cost of sales-non-reimbursable programs	13,699.25			13,699.25
Salaries	205,556.08		231,527.37	437,083.45
Supplies and Materials	9,173.98	200.30		9,374.28
Employee Benefits	8,734.09		76,424.00	85,158.09
Utilities	10,250.00			10,250.00
Other Purchased Professional and Technical Services		6,457.00	1,717.20	8,174.20
Cleaning Repair & Maintenance	18,893.53			18,893.53
Purchased Services	1,273.02			1,273.02
Miscellaneous Expense	3,569.00			3,569.00
Depreciation	20,552.40		4,039.05	24,591.45
Total Operating Expenses	<u>526,893.45</u>	<u>6,657.30</u>	<u>313,707.62</u>	<u>847,258.37</u>
Operating Income (Loss)	<u>(497,111.19)</u>	<u>(5,532.30)</u>	<u>(54,137.62)</u>	<u>(556,781.11)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	6,981.62			6,981.62
Federal Sources:				
National School Lunch Program	342,655.26			342,655.26
National School Breakfast Program	134,083.73			134,083.73
Food Distribution Program	27,400.03			27,400.03
Total Nonoperating Revenues (Expenses)	<u>511,120.64</u>			<u>511,120.64</u>
Income (Loss) Before Contributions & Transfers	<u>14,009.45</u>	<u>(5,532.30)</u>	<u>(54,137.62)</u>	<u>(45,660.47)</u>
Change in Net Position	14,009.45	(5,532.30)	(54,137.62)	(45,660.47)
Total Net Position—Beginning	433,259.67	14,948.09	281,517.24	729,725.00
Total Net Position—Ending	<u>447,269.12</u>	<u>9,415.79</u>	<u>227,379.62</u>	<u>684,064.53</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2017

	Food Service Program	Community Services Program	Technology Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	28,498.26	1,825.00	285,153.34	315,476.60
Payments for Interfunds	(92,849.66)			(92,849.66)
Payments to Employees	(185,500.66)		(231,527.37)	(417,028.03)
Payments for Employee Benefits	(7,283.39)		(76,424.00)	(83,707.39)
Payments to Suppliers	(229,712.33)	(200.30)		(229,912.63)
Payments for Miscellaneous Expenses	(12,251.52)	(6,457.00)	(1,717.20)	(20,425.72)
Net Cash Provided by (Used for) Operating Activities	<u>(499,099.30)</u>	<u>(4,832.30)</u>	<u>(24,515.23)</u>	<u>(528,446.83)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	7,709.60			7,709.60
Federal Sources	532,295.65			532,295.65
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>540,005.25</u>			<u>540,005.25</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(16,403.54)			(16,403.54)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(16,403.54)</u>			<u>(16,403.54)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,502.41	(4,832.30)	(24,515.23)	(4,845.12)
Balances—Beginning of Year	224,006.75	14,948.09	241,797.21	480,752.05
Balances—End of Year	<u>248,509.16</u>	<u>10,115.79</u>	<u>217,281.98</u>	<u>475,906.93</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(497,111.19)	(5,532.30)	(54,137.62)	(556,781.11)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:				
Depreciation and Net Amortization	20,552.40		4,039.05	24,591.45
Food Distribution Program Donated Commodities	27,400.03			27,400.03
(Increase) Decrease in Accounts Receivable, Net	(1,284.00)		25,583.34	24,299.34
(Increase) Decrease in Inventories	34.20			34.20
Increase (Decrease) in Accounts Payable	7,428.90			7,428.90
Increase (Decrease) in Other Current Liabilities	(56,119.64)	700.00		(55,419.64)
Total Adjustments	<u>(1,988.11)</u>	<u>700.00</u>	<u>29,622.39</u>	<u>28,334.28</u>
Net Cash Provided by (Used for) Operating Activities	<u>(499,099.30)</u>	<u>(4,832.30)</u>	<u>(24,515.23)</u>	<u>(528,446.83)</u>

FIDUCIARY FUND

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Unemployment Compensation Trust Fund	Memorial Special Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	315,055.01	1,303.86	563,467.62
Interfund Receivable	15,192.16		
Total Assets	330,247.17	1,303.86	563,467.62
LIABILITIES			
Payable to Student Groups			118,871.03
Interfund Payable			73,802.88
Payroll Deductions and Withholdings			370,793.71
Total Liabilities			563,467.62
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	330,247.17		
Reserved for Other Purposes		1,303.86	

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Unemployment Compensation Trust Fund	Memorial Special Trust Fund
ADDITIONS		
Contributions:		
Plan Member	19,943.79	
Total Contributions	19,943.79	
Investment Earnings:		
Interest		0.82
Net Investment Earnings		0.82
Total Additions	19,943.79	0.82
DEDUCTIONS		
Quarterly Contribution Reports	8,523.04	
Unemployment Claims	58,471.17	
Total Deductions	66,994.21	
Change in Net Assets	(47,050.42)	0.82
Net Position—Beginning of the Year	377,297.59	1,303.04
Net Position—End of the Year	330,247.17	1,303.86

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>June 30, 2017</u>
General Organization Account	<u>109,558.87</u>	<u>131,141.13</u>	<u>121,828.97</u>	<u>118,871.03</u>
	<u><u>109,558.87</u></u>	<u><u>131,141.13</u></u>	<u><u>121,828.97</u></u>	<u><u>118,871.03</u></u>

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
Net Payroll		5,007,032.70	5,007,032.70	
Payroll Deductions and Withholdings	378,562.47	4,289,442.27	4,297,211.03	370,793.71
Interfund Receivable	(11,249.86)	11,249.86		
Interfund Payable	58,433.76	79,321.70	63,952.58	73,802.88
	<u>425,746.37</u>	<u>9,387,046.53</u>	<u>9,368,196.31</u>	<u>444,596.59</u>

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
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Demographic and Economic Information

- J-14 Demographic and Economic Statistics
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- J-16 Full-time Equivalent District Employees by Function/Program
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- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Net Assets/ Position by Component*
 Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Invested in Capital Assets	1,485,344.47	1,369,873.19	1,506,757.37	2,058,912.70	3,331,688.60	4,408,102.46	5,277,516.29	5,956,306.00	6,083,696.71	6,072,262.04
Restricted	1,351,643.99	2,089,965.90	1,997,586.71	2,593,395.12	2,452,999.16	2,449,600.94	2,270,172.74	2,310,383.08	1,696,913.23	1,280,173.31
Unrestricted	91,025.41	60,177.18	156,970.90	(188,442.48)	(116,705.77)	(95,150.03)	133,133.73	(4,211,163.59)	(4,115,083.39)	(4,353,291.92)
Total Governmental Activities Net Assets/Position	2,928,013.87	3,520,016.27	3,661,314.98	4,463,865.34	5,667,981.99	6,762,553.37	7,680,822.76	4,055,525.49	3,665,526.55	2,999,143.43
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	179,023.81	166,668.00	190,681.08	174,756.02	188,059.98	216,411.74	202,547.90	205,224.80	213,877.68	205,689.77
Unrestricted	379,303.70	443,652.26	442,781.01	506,150.58	525,503.55	445,252.14	530,953.23	515,723.52	515,847.32	478,374.76
Total Business-type Activities Net Assets/Position	558,327.51	610,320.26	633,462.09	680,906.60	723,563.53	661,663.88	733,501.13	720,948.32	729,725.00	684,064.53
District-wide										
Invested in Capital Assets, Net of Related Debt	1,664,368.28	1,536,541.19	1,697,438.45	2,233,668.72	3,529,748.58	4,624,514.20	5,480,064.19	6,161,530.80	6,297,574.39	6,277,951.81
Restricted	1,351,643.99	2,089,965.90	1,997,586.71	2,593,395.12	2,452,999.16	2,449,600.94	2,270,172.74	2,310,383.08	1,696,913.23	1,280,173.31
Unrestricted	470,329.11	503,829.44	599,751.91	317,708.10	408,797.78	350,102.11	664,086.96	(3,695,440.07)	(3,599,236.07)	(3,874,917.16)
Total District Net Assets/Position	3,486,341.38	4,130,336.53	4,294,777.07	5,144,771.94	6,391,545.52	7,424,217.25	8,414,323.89	4,776,473.81	4,395,251.55	3,683,207.96

Source: CAFR Schedule A-1

* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
 Changes in Net Assets/Position*
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction:										
Regular	4,970,660.61	5,185,608.82	5,689,173.94	5,624,780.29	5,270,056.09	5,716,972.96	6,206,365.96	6,350,567.37	6,149,898.15	6,547,489.04
Special Education	678,021.83	754,492.66	827,018.12	592,334.22	827,788.74	979,103.06	1,722,139.14	1,782,514.39	1,725,052.46	1,840,509.23
Other Special Instruction	65,528.08	68,533.88	71,996.79	69,388.76	39,959.39	35,900.15	35,219.92	6,390.58	30,750.62	37,464.48
Other Instruction	444,036.95	459,198.36	474,478.63	419,596.27	389,257.00	476,642.47	484,741.17	491,515.24	501,432.08	479,396.74
Community Services	622.94	258.13		955.39						
Support Services:										
Tuition	3,410,699.31	3,929,293.40	3,725,828.44	4,462,458.83	3,754,167.62	3,806,904.90	3,658,361.03	3,932,851.66	4,754,727.12	4,974,555.30
Student & Instruction Related Services	1,528,414.43	1,466,845.22	1,590,056.46	1,564,542.49	2,203,424.02	2,361,957.45	1,665,451.64	1,682,932.86	1,798,760.43	1,764,151.74
School Administrative Services	549,519.22	524,932.57	480,340.13	480,648.67	462,779.24	460,451.09	514,636.13	532,090.26	524,939.23	585,554.90
General Administrative Services	768,816.05	727,274.62	623,904.85	654,812.41	588,280.87	558,633.63	543,722.64	612,687.77	575,200.80	649,960.55
Central Services & Admin. Info. Technology	668,359.61	647,757.74	363,977.88	375,299.50	426,887.20	353,507.10	405,782.80	419,958.64	435,538.65	383,063.09
Plant Operations and Maintenance	1,166,058.87	992,027.94	935,981.98	884,044.19	984,301.55	942,000.60	1,102,448.71	1,192,620.25	1,071,920.48	1,070,638.09
Pupil Transportation	748,766.55	814,587.76	846,451.34	792,205.88	820,990.28	821,303.22	926,831.96	1,016,127.28	992,056.21	1,125,021.59
Unallocated Benefits	1,170,548.13	702,920.93	817,203.68	689,418.93	962,018.04	1,176,955.83	1,022,971.16	2,465,711.89	3,204,931.00	4,418,757.12
Charter Schools	10,635.00	16,180.00	18,022.00		15,846.00	17,942.00	8,104.00	55,537.00	78,946.00	77,875.00
Capital Outlay - Non-depreciable		58.41		1,768.00	1,319.00	1,239.00	5,765.00		36,508.70	
Unallocated Depreciation	104,855.88	111,059.22	78,342.55	45,779.40	104,916.50	104,310.06	134,630.89	188,848.77	233,365.33	244,930.65
Total Governmental Activities Expenses	16,285,543.46	16,401,029.66	16,544,776.79	16,658,033.23	16,851,991.54	17,813,823.52	18,437,172.15	20,742,739.70	22,114,027.26	24,205,142.52
Business-type Activities:										
Food Service	356,419.66	415,324.33	443,866.25	432,795.51	505,773.97	490,900.09	550,797.18	541,958.53	521,287.77	526,893.45
Community Services	3,710.06	2,950.00	1,700.00							6,687.30
Technology Services	594,047.56	662,520.60	678,759.95	641,973.19	752,225.75	536,987.44	336,649.85	333,942.05	292,964.28	313,707.62
Total Business-type Activities Expenses	954,177.28	1,080,794.93	1,124,326.20	1,074,768.70	1,257,999.72	1,027,887.53	887,447.03	875,900.58	814,252.05	847,258.37
Total District Expenses	17,239,720.74	17,481,824.59	17,669,102.99	17,732,801.93	18,109,991.26	18,841,711.05	19,324,619.18	21,618,640.28	22,928,279.31	25,052,400.89
Program Revenues										
Governmental Activities:										
Charges for Services:										
Operating Grants and Contributions	798,463.15	637,677.66	288,685.58	368,447.01	247,108.10	219,009.64	250,361.94	252,971.48	192,058.89	179,567.72
Other Governmental Activities Program Revenues	1,642,810.82	915,592.44	994,078.51	1,286,409.19	955,500.56	933,226.52	878,441.35	1,020,008.80	912,884.00	1,108,464.00
Total Governmental Activities Program Revenues	2,441,273.97	1,553,270.10	1,282,764.09	1,654,856.20	1,202,608.66	1,152,236.16	1,128,803.29	1,272,980.28	1,104,942.89	1,288,031.72
Business-type Activities:										
Charges for Services:										
Food Service	108,432.94	104,826.57	97,584.12	87,257.96	80,967.86	72,260.70	58,791.34	51,560.34	48,941.86	29,782.26
Community Services	3,911.00									1,125.00
Technology Services	676,839.96	726,449.08	703,062.74	691,682.30	837,101.04	445,999.73	429,876.04	294,320.00	254,480.04	259,570.00
Operating Grants and Contributions	291,313.74	299,761.16	345,848.34	342,521.58	413,837.75	448,127.45	470,616.90	517,467.43	519,606.83	511,120.64
Total Business-type Activities Program Revenues	1,080,497.64	1,131,036.81	1,146,495.20	1,121,461.84	1,331,906.65	966,387.88	959,284.28	863,347.77	823,028.73	801,597.90
Total District Program Revenues	3,521,771.61	2,684,306.91	2,429,259.29	2,776,318.04	2,534,515.31	2,118,624.04	2,088,087.57	2,136,328.05	1,927,971.62	2,089,629.62

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Changes in Net Assets/Position*
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental Activities	(13,844,269.49)	(14,847,759.56)	(15,262,012.70)	(15,003,177.03)	(15,649,382.88)	(16,661,587.36)	(17,308,368.86)	(19,469,759.42)	(21,009,084.37)	(22,917,110.80)
Business-type Activities	126,320.36	50,241.88	22,169.00	46,693.14	73,906.93	(61,499.65)	71,837.25	(12,552.81)	8,776.68	(45,660.47)
Total District-wide Net Expense	(13,717,949.13)	(14,797,517.68)	(15,239,843.70)	(14,956,483.89)	(15,575,475.95)	(16,723,087.01)	(17,236,531.61)	(19,482,312.23)	(21,000,307.69)	(22,962,771.27)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes	9,045,789.00	9,149,666.00	9,370,653.00	9,740,478.00	9,935,288.00	10,133,993.00	10,436,672.00	10,345,405.00	10,702,313.00	10,916,358.00
State Facilities Grant			135,738.82	274,800.01		16,560.52	180,122.33	471,382.41	1,543.70	
Unrestricted Federal and State Aid	4,726,659.62	5,929,895.99	5,978,652.23	5,654,539.40	6,604,904.74	7,558,117.43	7,581,701.58	9,108,857.01	9,860,289.59	11,191,298.53
Unrestricted Federal and State Aid - Capital Outlay							5,157.96			
Tuition Received		99,160.00	109,824.28	117,421.68						
Cancelled Accounts Receivable / Payable								6,273.65	9,860.53	
Investment Earnings	68,986.32	14,854.53	5,503.99	4,767.69	557.87	345.82	619.47	635.84	241.56	1,228.90
Miscellaneous Income	50,223.01	10,843.44	38,281.09	7,336.39	11,694.37	47,141.97	22,364.91	38,129.24	44,837.05	141,842.25
Total Governmental Activities	13,891,657.95	15,204,419.96	15,638,653.41	15,799,343.17	16,552,444.98	17,756,158.74	18,226,638.25	19,970,683.15	20,619,085.43	22,250,727.68
Business-type Activities:										
Investment Earnings	9,493.27	1,750.87	972.83	751.37		(400.00)				
Cancelled Accounts Receivable										
Total Business-type Activities	9,493.27	1,750.87	972.83	751.37	(31,250.00)	(400.00)	0.00	0.00	0.00	0.00
Total District-wide	13,901,151.22	15,206,170.83	15,639,626.24	15,800,094.54	16,521,194.98	17,755,758.74	18,226,638.25	19,970,683.15	20,619,085.43	22,250,727.68
Change in Net Assets/Position										
Governmental Activities	47,388.46	356,660.40	376,640.71	796,166.14	903,062.10	1,094,571.38	918,269.39	500,923.73	(389,998.94)	(666,383.12)
Business-type Activities	135,813.63	51,992.75	23,141.83	47,444.51	42,656.93	(61,899.65)	71,837.25	(12,552.81)	8,776.68	(45,660.47)
Total District	183,202.09	408,653.15	399,782.54	843,610.65	945,719.03	1,032,671.73	990,106.64	488,370.92	(381,222.26)	(712,043.59)

Source: CAFR Schedule A-2

* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Fund Balances Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	Fiscal Year Ending June 30,		2014	2015	2016	2017
					2012	2013				
General Fund										
Reserved	1,351,644.59	1,910,679.90	2,070,979.20							
Unreserved	261,576.00	(32,834.82)	89,484.97							
Restricted				2,176,644.51	2,028,727.28	2,321,519.51	1,908,012.98	2,307,199.65	1,765,477.09	1,280,173.31
Committed				197,494.61	172,090.56					
Assigned				150,000.00	69,528.00	82,636.86	330,743.95	78,121.04	215,501.85	196,155.67
Unassigned				(307,052.48)	(129,888.77)	(121,569.39)	(158,935.22)	(152,272.63)	(268,023.60)	(182,344.59)
Total General fund	<u>1,613,220.59</u>	<u>1,877,845.08</u>	<u>2,160,464.17</u>	<u>2,217,086.64</u>	<u>2,140,457.07</u>	<u>2,282,586.98</u>	<u>2,079,821.71</u>	<u>2,233,048.06</u>	<u>1,712,955.34</u>	<u>1,293,984.39</u>
All Other Governmental Funds										
Unreserved, Reported in:										
Special Revenue Fund	(21,693.49)									
Restricted, Reported in:										
Capital Projects Fund		143,944.00	126,735.51	219,255.97	252,181.32	128,081.43	362,159.73	3,183.43		
Total All Other Governmental Funds	<u>(21,693.49)</u>	<u>143,944.00</u>	<u>126,735.51</u>	<u>219,255.97</u>	<u>252,181.32</u>	<u>128,081.43</u>	<u>362,159.73</u>	<u>3,183.43</u>	<u>0.00</u>	<u>0.00</u>

Source: CAFR Schedule B-1

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	9,045,789.00	9,149,666.00	9,370,653.00	9,740,478.00	9,935,288.00	10,133,993.00	10,436,672.00	10,345,405.00	10,702,313.00	10,916,358.00
Tuition		99,160.00	109,824.28	117,421.68						
Transportation Fees	224,704.85	230,067.20	215,954.90	192,577.09	197,406.50	169,029.64	191,023.94	192,014.48	192,058.89	179,567.72
Other Local Government Units - Restricted	573,758.30	407,610.46	72,730.68	175,869.92	49,701.60	49,980.00	59,338.00	60,957.00		
Interest Earned on Capital Reserve Funds		289.69	256.72	2,764.71	557.87	220.00	480.00	500.00	208.00	286.24
Interest Earned on Emergency Reserve Funds			128.00	1,081.44		125.82	139.47	135.84	33.56	48.66
Interest Earnings	68,986.32	14,564.84	5,119.27	921.54						894.00
Miscellaneous	77,862.33	11,843.44	40,728.08	10,879.56	11,694.37	47,141.97	22,364.91	38,129.24	44,837.05	141,842.25
State Sources	5,996,974.73	6,458,741.44	5,866,263.79	6,410,773.45	6,954,268.37	7,982,768.21	8,239,776.61	8,853,260.62	8,576,625.20	8,907,102.62
Federal Sources	344,856.39	385,746.99	1,239,758.78	801,431.98	606,136.93	525,136.26	405,646.61	499,121.60	446,629.09	589,615.91
Total Revenues	16,332,931.92	16,757,690.06	16,921,417.50	17,454,199.37	17,755,053.64	18,908,394.90	19,355,441.54	19,989,523.78	19,962,704.79	20,735,715.40
Expenditures										
Instruction:										
Regular	4,289,920.09	4,347,983.13	4,733,799.15	4,626,040.52	4,302,965.83	4,753,321.30	5,103,356.68	5,288,927.10	5,087,977.51	5,295,162.25
Special	549,909.36	617,222.64	668,690.50	468,757.85	650,215.02	790,053.59	1,516,682.82	1,575,649.66	1,532,782.84	1,593,549.99
Other Special Instruction	52,602.29	55,861.69	57,869.47	54,868.29	31,424.27	29,011.41	28,119.42	6,390.58	24,871.98	29,070.54
School-Sponsored/Other Instructional	373,723.36	393,239.13	398,955.65	347,604.37	321,537.11	406,269.07	409,319.30	417,423.02	423,871.64	395,122.37
Community Service Programs	500.00	210.00		750.00						
Support Services:										
Instruction - Tuition	3,410,699.31	3,929,293.40	3,725,828.44	4,462,458.83	3,754,167.62	3,806,904.90	3,658,361.03	3,932,851.66	4,754,727.12	4,974,555.30
Student & Instruction Related Services	1,331,882.87	1,287,999.06	1,389,784.31	1,352,414.45	2,009,986.23	2,158,688.20	1,450,216.24	1,468,784.83	1,585,182.64	1,507,343.43
School Administration	432,655.48	429,595.27	379,911.67	370,748.84	356,561.57	342,604.44	376,861.33	393,689.21	389,815.82	406,398.42
General Administration	503,337.68	480,374.27	371,343.04	387,101.57	353,910.61	318,869.56	290,807.39	379,934.81	332,236.98	352,551.05
Central Services & Admin. Info. Technology	552,604.76	535,926.91	309,387.30	316,196.50	359,102.13	294,037.39	340,893.15	355,389.05	369,893.69	313,464.96
Operations and Maintenance	1,097,152.25	924,514.00	865,030.78	802,068.79	896,593.13	860,137.14	1,016,045.41	1,107,238.47	981,289.95	960,770.95
Student Transportation	748,766.55	814,587.76	846,451.34	792,205.88	820,990.28	814,578.22	918,099.77	1,003,275.41	979,204.33	1,116,588.47
Employee Benefits	2,800,114.86	2,471,124.37	2,648,531.51	2,703,447.00	2,820,426.23	3,047,611.11	3,108,455.84	3,257,412.15	3,475,436.69	3,791,279.31
Capital Outlay	279,546.47	23,416.45	242,301.74	620,393.55	1,105,031.83	1,250,336.55	1,098,806.10	959,044.46	479,604.28	340,954.32
Charter Schools	10,635.00	16,180.00	18,022.00	15,846.00		17,942.00	8,104.00	55,537.00	78,946.00	77,875.00
Total Governmental Fund Expenditures	16,434,050.33	16,327,528.08	16,655,906.90	17,305,056.44	17,798,757.86	18,890,364.88	19,324,128.48	20,201,547.41	20,495,841.47	21,154,686.36
Excess (Deficiency) of Revenues Over (Under) Expenditures	(101,118.41)	430,161.98	265,510.60	149,142.93	(43,704.22)	18,030.02	31,313.06	(212,023.63)	(533,136.68)	(418,970.96)
Other Financing Sources (Uses)										
Operating Transfers In										
Operating Transfers Out		143,944.00	64,321.43	381,083.00	659,500.00	120,866.41	319,126.00	142,677.98	12,315.07	
Cancellation of Contracts Payable		(143,944.00)	(64,321.43)	(381,083.00)	(659,500.00)	(120,866.41)	(319,126.00)	(142,677.98)	(12,315.07)	
Cancellation of Accounts Receivable								17,349.47	30,744.00	
Total Other Financing Sources (Uses)								(11,075.82)	(20,883.47)	
Net Changes in Fund Balance	(101,118.41)	430,161.98	265,510.60	149,142.93	(43,704.22)	18,030.02	31,313.06	(205,749.98)	(523,276.15)	(418,970.96)
Debt Service as a percentage of noncapital expenditures										

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.
Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Reimburse/ Tuition</u>	<u>E-Rate</u>	<u>Interest on Investments</u>	<u>Interlocal Agree- ments</u>	<u>Transpor- tation Fees</u>	<u>Various Misc.</u>	<u>Total</u>
2008			68,986.32	573,758.30	224,704.85	50,223.01	917,672.48
2009	99,160.00		14,854.53	407,610.46	230,067.20	10,843.44	762,535.63
2010	109,824.28		5,503.99	72,730.68	215,954.90	38,281.09	442,294.94
2011	117,421.68		4,767.69	175,869.92	192,577.09	7,336.39	497,972.77
2012			557.87	49,701.60	197,406.50	11,694.37	259,360.34
2013			345.82	49,980.00	169,029.64	47,141.97	266,497.43
2014			619.47	59,338.00	191,023.94	22,364.91	273,346.32
2015			2,385.84	60,957.00	192,014.48	36,379.24	291,736.56
2016			1,046.56		192,058.89	44,032.05	237,137.50
2017		114,594.85	1,228.90		179,567.72	27,247.40	322,638.87

Source: District records.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Borough of Haledon

Year Ended Dec. 31,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
								a			b
2007	4,029,100	260,764,400		36,531,100	13,211,300	8,519,000	323,054,900	2,242,877	325,297,777	653,909,853	1.0020
2008	3,850,100	265,559,200		36,981,100	13,454,800	8,519,000	328,364,200	2,107,172	330,471,372	728,289,992	1.0782
2009	3,719,000	269,213,000		36,121,100	12,225,500	8,479,300	329,757,900	2,085,718	331,843,618	731,423,304	1.1251
2010	3,753,800	268,758,200		36,305,300	12,225,500	8,479,300	329,522,100	2,263,700	331,785,800	686,445,115	1.2160
2011	3,769,400	268,482,000		36,680,800	12,235,300	8,479,300	329,646,800		329,646,800	652,803,390	1.2986
2012	4,261,700	266,855,200		36,203,800	12,235,300	8,479,300	328,035,300		328,035,300	616,790,575	1.3091
2013	3,723,500	266,024,100		35,897,500	12,124,500	8,479,300	326,248,900		326,248,900	581,278,510	1.3549
2014 (A)	5,723,600	393,038,500		77,473,400	23,767,200	16,974,600	516,977,300		516,977,300	532,576,389	0.8310
2015	5,385,600	392,160,000		77,027,100	22,962,700	17,586,600	515,122,000		515,122,000	538,282,439	0.9240
2016	5,385,600	390,927,200		75,451,000	23,171,700	18,015,400	512,950,900		512,950,900	521,501,461	0.9440

(A) Revaluation Year

Source: Passaic County, Abstract of Ratables and Municipal Tax Assessor

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

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100 of assessed value.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Borough of North Haledon

Year Ended Dec. 31,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
2007	3,721,600	418,440,600	234,100	16,998,300	2,147,700		441,542,300	395,762	441,938,062	1,489,799,091	0.7250
2008	3,379,000	422,150,200	234,100	17,270,300	2,147,700		445,181,300	393,097	445,574,397	1,576,933,836	0.6410
2009	3,204,600	424,852,600	234,100	18,123,600	2,147,700		448,562,600	412,748	448,975,348	1,592,854,822	0.6383
2010	2,618,100	418,423,900	234,100	17,729,600	2,147,700		441,153,400	432,330	441,585,730	1,592,854,822	0.6629
2011	2,553,400	419,383,900	234,100	17,734,900	2,147,700		442,054,000	371,880	442,425,880	1,417,911,637	0.6630
2012(A)	8,720,600	1,106,681,100	582,200	59,508,400	6,346,700		1,181,839,000	371,880	1,182,210,880	1,285,250,966	0.2610
2013	8,667,100	1,106,157,600	582,200	58,854,400	6,189,100		1,180,450,400	889	1,180,451,289	1,285,250,966	0.3060
2014	8,934,100	1,106,531,400	582,200	58,585,000	6,049,600		1,180,682,300	915	1,180,683,215	1,291,749,483	0.2580
2015	8,902,400	1,108,014,700	582,200	58,167,300	5,268,600		1,180,935,200	908	1,180,936,108	1,302,643,635	0.2210
2016	8,732,800	1,108,926,300	582,200	58,167,300	5,268,600		1,181,677,200	913	1,181,678,113	1,296,451,026	0.2040

(A) Revaluation Year

Source: Passaic County, Abstract of Ratables and Municipal Tax Assessor

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

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100 of assessed value.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Borough of Prospect Park

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
								a			b
2007	3,155,200	160,051,300		14,911,150	2,755,700		180,873,350	224,100	181,097,450	394,772,525	1.1909
2008	3,115,200	160,822,300		14,728,350	2,755,700		181,421,550	218,000	181,639,550	437,891,819	1.4928
2009	3,115,200	160,946,100		14,729,550	2,755,700		181,546,550	221,200	181,767,750	437,588,586	1.5146
2010	3,048,500	161,102,900		14,707,150	2,755,700		181,614,250	228,200	181,842,450	395,063,261	1.5192
2011	3,118,900	160,604,900		14,879,950	2,755,700		181,359,450	228,200	181,587,650	349,591,017	1.4899
2012	3,118,900	159,640,200		14,832,450	2,755,700		180,347,250	189,782	180,537,032	311,957,069	1.4645
2013	3,118,900	158,275,000		14,832,450	2,755,700		178,982,050	189,782	179,171,832	253,901,232	1.3870
2014	3,118,900	158,050,000		14,994,350	2,755,700		178,918,950	189,782	179,108,732	267,990,846	1.6703
2015(A)	6,997,900	228,649,100		22,356,000	5,589,700		263,592,700	145,000	263,737,700	264,717,261	1.2580
2016	6,997,900	228,597,400		22,356,000	5,589,700		263,541,000	145,000	263,686,000	274,276,948	1.3829

(A) Revaluation Year

Source: Passaic County, Abstract of Ratables and Municipal Tax Assessor

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

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100 of assessed value.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$100 of Assessed Valuation
Borough of Haledon

Assessment Year	Basic Rate ^a	General Obligation Debt Service ^b	<u>Overlapping Rates</u>				Total Direct and overlapping Tax Rate
			Regional School District	Local School District	Municipality	County	
2007	1.0020		1.0020	1.5750	1.4150	0.9980	4.9900
2008	1.0782		1.0782	1.6158	1.5166	1.1124	5.3230
2009	1.1251		1.1251	1.6062	1.6419	1.1048	5.4780
2010	1.2160		1.2160	1.6380	1.7950	1.1090	5.7580
2011	1.2986		1.2986	1.6989	1.9033	1.1402	6.0410
2012	1.3091		1.3091	1.7300	1.9649	1.1860	6.1900
2013	1.3549		1.3549	1.7648	2.0535	1.2008	6.3740
2014*	0.8310		0.8310	1.1430	1.3800	0.7250	4.0790
2015	0.9237		0.9237	1.1628	1.4234	0.7943	4.3042
2016	0.9440		0.9440	1.2050	1.4510	0.7610	4.3610

* Revaluation Year

Source: District Records and Municipal Tax Collector.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

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

Borough of North Haledon

Assessment Year	Basic Rate ^a	General Obligation Debt Service ^b	<u>Overlapping Rates</u>				Total Direct and overlapping Tax Rate
			Regional School District	Local School District	Municipality	County	
2007	0.7250		0.7250	1.8520	1.5540	1.6690	5.8000
2008	0.6410		0.6410	1.9104	1.7277	1.7869	6.0660
2009	0.6383		0.6383	1.9807	1.8032	1.7868	6.2090
2010	0.6629		0.6629	2.0814	1.9937	1.7900	6.5280
2011	0.6630		0.6630	2.1368	2.0132	1.8481	6.6610
2012*	0.2610		0.2610	0.8220	0.7960	0.6900	2.5690
2013	0.3060		0.3060	0.8510	0.8110	0.7620	2.7300
2014	0.2580		0.2580	0.8660	0.8260	0.7730	2.7230
2015	0.2210		0.2210	0.8725	0.8473	0.8392	2.7800
2016	0.2040		0.2040	0.8830	0.8980	0.8220	2.8070

* Revaluation Year

Source: District Records and Municipal Tax Collector.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$100 of Assessed Valuation**

Borough of Prospect Park

Assessment Year	Basic Rate^a	General Obligation Debt Service^b	<u>Overlapping Rates</u>				Total Direct and overlapping Tax Rate
			Regional School District	Local School District	Municipality	County	
2007	1.1909		1.1909	1.4279	1.5217	1.0795	5.2200
2008	1.4928		1.4928	1.4233	1.5875	1.2174	5.7210
2009	1.5146		1.5146	1.4418	1.6947	1.2129	5.8640
2010	1.5192		1.5192	1.5060	1.9228	1.1680	6.1160
2011	1.4899		1.4899	1.5779	2.0387	1.1085	6.2150
2012	1.4645		1.4645	1.5810	2.1355	1.0890	6.2700
2013	1.3870		1.3870	1.5990	2.2770	0.9540	6.2170
2014	1.6703		1.6703	1.6000	2.2761	1.0556	6.6020
2015*	1.2586		1.2586	1.1062	1.5884	0.7628	4.7160
2016	1.3829		1.3829	1.1981	1.6258	0.7802	4.9870

* Revaluation Year

Source: District Records and Municipal Tax Collector.

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago

Borough of Haledon

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Acquakanonk Village	11,837,000	1	2.30%	6,023,300	1	1.86%
Self Storage of Haledon	5,702,000	3	1.11%	2,130,000	4	0.66%
Belmont Estates, LLC	5,301,000	4	1.03%			
A.M. Realty Assoc.	4,767,500	2	0.93%	3,353,100	2	1.04%
Nationwide Enterprises, LLC	3,499,000	5	0.68%	1,203,800	6	0.37%
Bel-Jo Assoc. LP	3,445,000	6	0.67%	2,090,700	5	0.65%
Stone Industries	2,447,800	7	0.48%	2,829,400	3	0.88%
Taxpayer #1	2,371,000	8	0.46%			
C & P Realty	2,262,000	9	0.44%			
Beazer Homes Corp.	1,868,100	10	0.36%			
Faber Bros. Holdings, LLC				1,150,000	7	0.36%
Salvatore LaRosa				840,000	8	0.26%
20 Halsey Corp				800,000	9	0.25%
Verizon				800,000	10	0.25%
	<u>43,500,400</u>		<u>8.44%</u>	<u>21,220,300</u>		<u>6.57%</u>

Source: Municipal Tax Assessor's Office.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago
Borough of North Haledon

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
High Mountain Realty, LLC	7,840,000	1	0.66%	1,646,200	1	0.51%
535 Associates, LLC	4,225,000	2	0.36%			
1243 Belmont Ave., Corp.	4,013,100	3	0.34%	1,360,100	4	0.42%
Sicomac Realty, LLC	3,800,000	4	0.32%			
High Mountain Realty Group	3,400,000	5	0.29%	1,076,700	6	0.33%
920 Belmont Acquisitions, LLC	3,005,400	6	0.25%			
Hofer Heights	2,839,100	7	0.24%	1,201,600	5	0.37%
NJTT Realty, LLC	2,575,400	8	0.22%	722,200	9	0.22%
Rudd O'Connor	2,068,800	9	0.18%			
Overlook Properties	1,900,000	10	0.16%	615,300	10	0.19%
Tanis, William Sr.				1,017,700	7	0.31%
Danza Group VII				1,622,200	2	0.50%
Sicomac Realty, LLC				1,450,900	3	0.45%
Dworetzky, William				903,200	8	0.28%
	<u>35,666,800</u>		<u>3.02%</u>	<u>11,616,100</u>		<u>3.57%</u>

Source: Municipal Tax Assessor's Office.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago
Borough of Prospect Park

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Prospect Partners, LLC	11,993,500	1	4.55%			
Schon Family, LLC	1,931,000	2	0.73%	1,300,000	2	0.72%
Hazen Realty, Inc.	1,747,000	3	0.66%	1,252,500	3	0.69%
JSJP Realty	1,526,000	4	0.58%			
DS Acquisitions, LLC	1,512,000	5	0.57%	950,000	5	0.52%
Lont & Overcamp	823,000	6	0.31%	505,200	9	0.28%
Normed Realty, LLC	799,000	7	0.30%	655,100	7	0.36%
Taxpayer #1	752,600	8	0.29%	640,300	8	0.35%
Pine Acres Properties, LLC	649,600	9	0.25%			
Taxpayer #2	525,400	10	0.20%	392,100	10	0.22%
Tilcon, N.J., Inc.				4,431,700	1	2.45%
Tilcon, N.J., Inc.				980,200	4	0.54%
Jackson Realty				924,400	6	0.51%
	<u>22,259,100</u>		<u>8.44%</u>	<u>12,031,500</u>		<u>6.64%</u>

Source: Municipal Tax Assessor's Office.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**School Tax Levies and Collections
Last Ten Years**

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	9,045,789	8,270,955	91.43%	774,834
2009	9,149,666	8,625,116	94.27%	524,550
2010	9,370,653	9,370,653	100.00%	
2011	9,740,478	9,740,478	100.00%	
2012	9,934,288	8,992,699	90.52%	941,589
2013	10,133,993	9,770,627	96.41%	363,366
2014	10,436,672	9,487,440	90.90%	949,232
2015	10,345,405	9,736,935	94.12%	608,470
2016	10,702,313	10,521,954	98.31%	180,359
2017	10,916,358	10,207,858	93.51%	708,500

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

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

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		
2008						0.00	
2009						0.00	
2010						0.00	
2011						0.00	
2012						0.00	
2013						0.00	
2014						0.00	
2015						0.00	
2016						0.00	
2017						0.00	

Not Applicable

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

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

Exhibit J-11

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	-	-	0.00	0.00%	
2009	-	-	0.00	0.00%	
2010			0.00	0.00%	
2011			0.00	0.00%	
2012			0.00	0.00%	
2013			0.00	0.00%	
2014			0.00	0.00%	
2015			0.00	0.00%	
2016			0.00	0.00%	
2017			0.00	0.00%	

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

a Equalized valuation of Regional School District .

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

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Haledon	\$ 9,272,091	100.000%	\$ 9,272,091
Borough of North Haledon	12,718,000	100.000%	12,718,000
Borough of Prospect Park	3,228,577	100.000%	3,228,577
Other debt			
Passaic County General Obligation Debt	361,427,569	4.49003%	16,228,190
Passaic County Utility Authority	53,170,000	4.49003%	2,387,346
Subtotal, overlapping debt			43,834,204
Manchester Regional High School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 43,834,204</u>

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

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

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

(1) Debt Information as of December 31, 2016.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
2016	\$ 2,108,770,106
2015	2,096,731,300
2014	2,122,482,695
	<u>[A] \$ 6,327,984,101</u>

Average equalized valuation of taxable property	<u>[A/3] \$ 2,109,328,034</u>
Debt limit (3% of average equalization value)	<u>[B] 63,279,841 a</u>
Total Net Debt Applicable to Limit	<u>[C] -</u>
Legal debt margin	<u>[B-C] \$ 63,279,841</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 57,228,493	\$ 65,702,875	\$ 73,267,968	\$ 77,940,495	\$ 78,922,323	\$ 76,709,309	\$ 72,985,910	\$ 69,213,512	\$ 64,128,080	\$ 63,279,841
Total net debt applicable to limit	<u>\$ 57,228,493</u>	<u>\$ 65,702,875</u>	<u>\$ 73,267,968</u>	<u>\$ 77,940,495</u>	<u>\$ 78,922,323</u>	<u>\$ 76,709,309</u>	<u>\$ 72,985,910</u>	<u>\$ 69,213,512</u>	<u>\$ 64,128,080</u>	<u>\$ 63,279,841</u>
Legal debt margin										
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

a Limit set by NJSA 18A:24-19 for a 9 through 12 district; other % limits would be applicable for other district types.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**Demographic and Economic Statistics
Last Ten Years**

Borough of Haledon

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2007	8,303	314,102,490	37,830	7.00%
2008	8,468	329,379,796	38,897	9.00%
2009	8,705	347,390,435	39,907	16.80%
2010	8,334	324,459,288	38,932	17.10%
2011	8,383	333,702,081	39,807	16.90%
2012	8,387	346,978,577	41,371	16.60%
2013	8,412	351,823,488	41,824	9.00%
2014	8,438	353,189,366	41,857	8.50%
2015	8,451	369,198,837	43,687	6.60%
2016	8,395	396,151,655	47,189	6.50%

Source:

- (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2007-2016)
- (2) Personal income of the District is based on County Information.
- (3) U.S. Department of Commerce, County Information 2006-2015.
- (4) N.J. Department of Labor.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**Demographic and Economic Statistics
Last Ten Years**

Borough of North Haledon

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2007	8,843	334,530,690	37,830	2.40%
2008	8,851	344,277,347	38,897	3.10%
2009	8,897	355,052,579	39,907	6.10%
2010	8,428	328,118,896	38,932	6.20%
2011	8,479	337,523,553	39,807	6.10%
2012	8,484	350,991,564	41,371	6.00%
2013	8,509	355,880,416	41,824	9.50%
2014	8,535	357,249,495	41,857	5.70%
2015	8,548	373,436,476	43,687	4.60%
2016	8,491	400,681,799	47,189	4.20%

Source:

- (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2007-2016)
- (2) Personal income of the District is based on County Information.
- (3) U.S. Department of Commerce, County Information 2006-2015.
- (4) N.J. Department of Labor.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**Demographic and Economic Statistics
Last Ten Years**

Borough of Prospect Park

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2007	5,578	211,015,740	37,830	5.90%
2008	5,569	216,617,393	38,897	7.50%
2009	5,605	223,678,735	39,907	14.40%
2010	5,871	228,569,772	38,932	14.60%
2011	5,905	235,060,335	39,807	14.40%
2012	5,908	244,419,868	41,371	14.20%
2013	5,926	247,849,024	41,824	15.50%
2014	5,944	248,798,008	41,857	8.10%
2015	5,953	260,068,711	43,687	6.40%
2016	5,913	279,028,557	47,189	6.30%

Source:

- (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2007-2016)
- (2) Personal income of the District is based on County Information.
- (3) U.S. Department of Commerce, County Information 2006-2015.
- (4) N.J. Department of Labor.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Employers

Current and Nine Years Ago

2016

2007

INFORMATION IS NOT AVAILABLE

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction	56	56	56	56	47	56	57	57	59.5	58.0
Regular	8	8	9	8	13	11	12	12	9	10
Special education	3	3	3	3	3	7	6	6	7	7
Other special education	0	0	0	0	0	0	0	0	0	0
Other instruction	0	0	0	0	0	0	0	0	0	0
Support Services:										
Student & instruction related services	13	13	7	7	7	14	14	14	13.7	12.0
General administration	2	2	2	2	2	2	2	2	2	2
School administrative services	4	4	6	6	6	4	4	4	4	4
Other administrative services	1	1	0	0	0	0	0	0	0	0
Central services	4	4	4	4	4	4	4	4	5.5	5.5
Administrative Information Technology	2	2	2	2	2	2	2	2	1	1
Plant operations and maintenance	8	8	8	8	8	8	8	8	7.5	7.0
Pupil transportation										
Other support services	3	3	3	3	3	0	0	0	0	0
Interlocals	5	6	8	12	12	5	6	5	3	3
Food Service	4	4	4	7	7	10	16	16	5.2	11.0
Total	113	114	111	118	114	123	131	130	120.4	120.0

Source: District Personnel Records

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Operating Statistics,
Last Ten Fiscal Years

Fiscal Year	Pupil/Teacher Ratio									
	a					b				
	Enrollment	Expenditures	Cost Per Pupil	% Change	Teaching Staff	High School	Average Daily Enrollment	Average Daily Attendance	% Change in Average Daily Enrollment	Student Attendance Percentage
2007-2008	796	16,154,503.86	20,294.60	6.64%	65	12.9	838.50	809.00	#VALUE!	96.48%
2008-2009	774	16,304,111.63	21,064.74	3.79%	65	11.9	787.00	774.00	-6.14%	98.35%
2009-2010	763	16,413,605.16	21,511.93	2.12%	65	11.7	778.00	763.00	-1.14%	98.07%
2010-2011	820	16,684,662.89	20,347.15	-5.41%	64	12.4	793.40	732.80	1.98%	92.36%
2011-2012	873	16,693,726.03	19,122.25	-6.02%	60	14.6	904.60	845.30	14.02%	93.44%
2012-2013	955	17,640,028.33	18,471.23	-3.40%	73.5	13	930.94	825.81	2.91%	88.71%
2013-2014	934	18,225,322.00	19,513.19	5.64%	74	12.6	931.60	883.60	0.07%	94.85%
2014-2015	920	19,242,502.95	20,915.76	7.19%	74	12.4	912.28	845.30	-2.07%	92.66%
2015-2016	861	20,016,237.19	23,247.66	11.15%	68.5	12.57	872.30	790.70	-4.38%	90.65%
2016-2017	852	20,813,732.04	24,429.26	5.08%	68	12.62	851.78	796.27	-2.35%	93.48%

Sources: District Records

Note: Enrollment based on annual October district count.

a-Operating Expenditures equal total expenditures less debt service and capital outlay.

b-Teaching staff includes only full-time equivalents of certificated staff.

c-Average daily enrollment and average daily attendance are obtained from the School Register Summary.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

<u>District Buildings</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Manchester Regional</u>										
High School										
Square Feet	132,643	132,643	132,643	132,643	132,643	132,643	132,643	132,643	132,643	132,643
Capacity(students)	684	684	684	684	684	684	684	684	684	684
Enrollment	796	774	763	820	873	955	934	920	861	852

Number of Schools at June 30, 2016
 High School = 1

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
For the Fiscal Year Ended June 30,

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

* School Facilities	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Regional High School	139,672.00	164,055.70	203,497.01	168,712.22	188,101.65	152,628.37	94,328.48	187,032.49	191,022.15	361,371.03
Total School Facilities	<u>139,672.00</u>	<u>164,055.70</u>	<u>203,497.01</u>	<u>168,712.22</u>	<u>188,101.65</u>	<u>152,628.37</u>	<u>94,328.48</u>	<u>187,032.49</u>	<u>191,022.15</u>	<u>361,371.03</u>

* School facilities as defined under EFCA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**Insurance Schedule
June 30, 2017**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Suburban Essex JIF		
Reinsurer: Selective Insurance Company		
Property - Blanket Limit of JIF	150,000,000	500 per mbr.
Member Limit:	30,982,992	
Fund Deductible		100,000
Comprehensive General Liability	10,000,000	
Employee Benefits Liability	10,000,000	
Comprehensive Automobile Liability	10,000,000	
Public Employees' Faithful Performance Bond	500,000	
School Leaders Errors & Omissions	10,000,000	
A C E American Insurance Company		
Suburban Essex JIF		10,000
Workers Compensation		
Limit of Liability	WC EL	Statutory 10,000,000
Suburban Essex JIF		100,000
Public Employees' Faithful Performance		
Position Bond		
Board Secretary/Business Administrator	100,000	
Travelers Insurance Co.		

SINGLE AUDIT SECTION

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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

Honorable President and
Members of the Board of Education
Manchester Regional High School District
County of Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Manchester Regional High School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 20, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and



corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We noted certain matters that were required to be reported to the Board of Education of the Manchester Regional High School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated October 20, 2017.

Purpose of this Report

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

James Cerullo

James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 20, 2017



Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

Honorable President and
Members of the Board of Education
Manchester Regional High School District
County of Passaic, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Manchester Regional High School Board of Education'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; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether



noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Manchester Regional High School Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Manchester Regional High School Board of Education 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 Manchester Regional High School Board of Education 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 Manchester Regional High School Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB 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 Manchester Regional High School Board of Education's internal control over compliance.

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

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

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

James Cerullo

James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881

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Certified Public Accountants
Pompton Lakes, New Jersey

October 20, 2017

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2017

Federal Grant/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016	Carryover/ Adjustments	Cash Received	Budgetary Expenditures	Balance at June 30, 2017		MEMO Cumulative Total Expenditures
										Accounts Receivable	Deferred Revenue	
U.S. Department of Education:												
General Fund:												
ARRA - Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	04/01/09-12/31/09	399.68			399.68	(399.68)			399.68
Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	07/01/16-06/30/17	27,818.23			27,818.23	(27,818.23)			27,818.23
Total General Fund								28,217.91	(28,217.91)			28,217.91
U.S. Department of Education Passed-Through State Department of Education:												
Special Revenue Fund:												
Title I - Improving Basic Programs	84.010A	S010A160030	NCLB3980-17	07/01/16-06/30/17	260,295.00			59,676.00	(230,514.00)	(170,838.00)		230,514.00
Title I - Improving Basic Programs	84.010A	S010A150030	NCLB3980-16	07/01/15-06/30/16	204,284.00	(35,799.00)		35,799.00	(230,514.00)	(170,838.00)		154,256.00
						(35,799.00)		95,475.00				384,770.00
Title II-A- Teacher & Principal Training/Recruiting	84.367A	S367A160029	NCLB3980-17	07/01/16-06/30/17	23,148.00			12,762.00	(19,726.00)	(6,964.00)		19,726.00
Title II-A- Teacher & Principal Training/Recruiting	84.367A	S367A150029	NCLB3980-16	07/01/15-06/30/16	22,620.00	(1,819.00)		1,819.00	(19,726.00)	(6,964.00)		14,426.00
						(1,819.00)		14,581.00				34,152.00
I.D.E.A. Part B - Basic Regular	84.027	H027A160100	IDEA3980-17	07/01/16-06/30/17	350,584.00			864.00	(263,882.00)	(263,018.00)		263,882.00
I.D.E.A. Part B - Basic Regular	84.027	H027A150100	IDEA3980-16	07/01/15-06/30/16	315,776.00	(33,921.00)		33,921.00	(263,882.00)	(263,018.00)		223,503.00
						(33,921.00)		34,785.00				487,385.00
U.S. Department of Health and Human Services Passed-Through State Department of Children and Families:												
School Based Youth Service Program	93.558		SBYSP	07/01/16-06/30/18	94,552.00			47,276.00	(47,276.00)			47,276.00
Total Special Revenue Fund						(71,539.00)		192,117.00	(561,398.00)	(440,820.00)		953,583.00
U.S. Department of Agriculture Passed-Through State Department of Education:												
Enterprise Fund:												
Non-Cash Assistance:												
Food Distribution Program	10.555	171NI304N1099		07/01/16-06/30/17	27,889.78		495.90	27,889.78	(27,400.03)		985.65	27,400.03
Food Distribution Program	10.555	1616NI304N1099		07/01/15-06/30/16	24,651.00	495.90	(495.90)					
Cash Assistance:												
School Breakfast Program	10.553	171NI304N1099		07/01/16-06/30/17	134,083.73			123,107.58	(134,083.73)	(10,976.15)		134,083.73
School Breakfast Program	10.553	1616NI304N1099		07/01/15-06/30/16	146,412.71	(12,018.18)		12,018.18				
National School Lunch Program	10.555	171NI304N1099		07/01/16-06/30/17	342,655.26			315,223.22	(342,655.26)	(27,432.04)		342,655.26
National School Lunch Program	10.555	1616NI304N1099		07/01/15-06/30/16	328,282.78	(26,144.04)		26,144.04				
						(37,666.32)		504,382.80	(504,139.02)	(38,408.19)		504,139.02
Equipment Assistance Grant	10.579	1515NI354N8103		07/01/14-02/01/16	14,103.70	(7,051.85)		7,051.85				14,103.70
Total Enterprise Fund						(44,718.17)		511,434.65	(504,139.02)	(38,408.19)		518,242.72
TOTAL FEDERAL FINANCIAL AWARDS						(116,257.17)		731,769.56	(1,093,754.93)	(479,228.19)		1,500,043.63

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

MANCHESTER REGIONAL HIGH 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	Grant Period	Award Amount	Balance at June 30, 2016		Adjustment/		Balance at June 30, 2017			MEMO				
				Deferred Revenue/ (Accts. Receivable)	Due To Grantor	Budgetary Expenditures	Year's Balance	Accounts Receivable	Deferred Revenue	Due To Grantor at	Budgetary Receivable	Cumulative Total Expenditures			
													Cash Received	Cash Received	
State Department of Education:															
General Fund:															
Equalization Aid	17-495-034-5120-078	07/01/16-06/30/17	4,386,379.00			3,963,094.00	(4,386,379.00)								
Under Adequacy Aid	17-495-034-5120-096	07/01/16-06/30/17	80,644.00			72,862.00	(80,644.00)								
Per Pupil Growth Aid	17-495-034-5120-097	07/01/16-06/30/17	9,770.00			8,827.00	(9,770.00)								
PARCC Readiness	17-495-034-5120-098	07/01/16-06/30/17	9,770.00			8,827.00	(9,770.00)								
Professional Learning Community Aid	17-495-034-5120-101	07/01/16-06/30/17	8,920.00			8,059.00	(8,920.00)								
Special Education Community Aid	17-495-034-5120-089	07/01/16-06/30/17	520,794.00			470,537.00	(520,794.00)								
Special Education Categorical Aid	17-495-034-5120-084	07/01/16-06/30/17	119,203.00			107,700.00	(119,203.00)								
Security Aid	17-495-034-5120-085	07/01/16-06/30/17	39,123.00			35,348.00	(39,123.00)								
Additional Adjustment Aid	17-495-034-5120-085	07/01/16-06/30/17	39,123.00			35,348.00	(39,123.00)								
School Choice Aid	17-495-034-5120-068	07/01/16-06/30/17	1,356,264.00			1,225,385.00	(1,356,264.00)								
			5,900,639.00			5,900,639.00	(6,530,867.00)								
Total State Aid Public															
Transportation Aid	17-495-034-5120-014	07/01/16-06/30/17	57,435.00			51,892.00	(57,435.00)								
Extraordinary Aid	17-495-034-5120-044	07/01/16-06/30/17	138,676.00				(138,676.00)								
Extraordinary Aid	16-495-034-5120-044	07/01/16-06/30/16	103,815.00	(105,815.00)		103,815.00									
Reimbursement of Nonpublic Transportation	17-495-034-5120-014	07/01/16-06/30/17	18,855.00				(18,855.00)								
Reimbursement of Nonpublic Transportation	16-495-034-5120-014	07/01/15-06/30/16	17,878.00	(17,878.00)		17,878.00									
On-Behalf TPAF - Pension	17-495-034-5094-002	07/01/16-06/30/17	623,094.00			623,094.00									
On-Behalf TPAF - Post Retirement Medical	17-495-034-5094-001	07/01/16-06/30/17	537,991.00			537,991.00									
On-Behalf TPAF - Non-contributory Insurance	17-495-034-5094-004	07/01/16-06/30/17	22,576.00			22,576.00									
On-Behalf TPAF - LTDI	17-495-034-5094-004	07/01/16-06/30/17	1,539.00			1,539.00									
Reimbursed TPAF - Social Security	17-495-034-5094-003	07/01/16-06/30/17	431,590.62	(21,972.52)		410,572.60	(431,590.62)			(21,018.02)					
Reimbursed TPAF - Social Security	16-495-034-5094-003	07/01/15-06/30/16	426,819.50	(143,665.52)		21,972.52				(178,549.02)					
			7,691,969.12			7,691,969.12	(8,362,623.62)								
Total General Fund															
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Auxiliary Services:															
Compensatory Services	17-100-034-5120-067	07/01/16-06/30/17	104,182.00			104,182.00									
Compensatory Services	16-100-034-5120-067	07/01/15-06/30/16	77,411.00												
English as a Second Language	17-100-034-5120-067	07/01/16-06/30/17	914.00	3,045.00		914.00									
English as a Second Language	16-100-034-5120-067	07/01/15-06/30/16	5,090.00												
Home Instruction	17-100-034-5120-067	07/01/16-06/30/17	6,698.00												
Home Instruction	16-100-034-5120-067	07/01/15-06/30/16	35.00	(35.00)		35.00									
			35.00	(35.00)		35.00									
Total Nonpublic Auxiliary Services Aid															
Handicapped Services:															
Initial Exam. & Classification	17-100-034-5120-066	07/01/16-06/30/17	46,615.00			46,615.00									
Initial Exam. & Classification	16-100-034-5120-066	07/01/15-06/30/16	44,113.00												
Annual Exam. & Classification	17-100-034-5120-066	07/01/16-06/30/17	17,689.00			17,689.00									
Annual Exam. & Classification	16-100-034-5120-066	07/01/15-06/30/16	18,448.00												
Corrective Speech	17-100-034-5120-066	07/01/16-06/30/17	4,418.00			4,418.00									
Corrective Speech	16-100-034-5120-066	07/01/15-06/30/16	2,508.00												
Supplementary Instruction	17-100-034-5120-066	07/01/16-06/30/17	59,402.00			59,402.00									
Supplementary Instruction	16-100-034-5120-066	07/01/15-06/30/16	45,593.00												
			21,771.00			21,771.00									
Total Nonpublic Handicapped Services Aid															
			5,644.00			5,644.00									
			914.00			914.00									
			6,698.00			6,698.00									
			106,150.00			106,150.00									
			46,615.00			46,615.00									
			17,689.00			17,689.00									
			2,562.00			2,562.00									
			56,106.00			56,106.00									
			122,972.00			122,972.00									

MANCHESTER REGIONAL HIGH 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	Grant Period	Award Amount	Balance at June 30, 2016		Balance at June 30, 2017			MEMO											
				Deferred Revenue/ (Accts. Receivable)	Due To Grantor	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balance	Accounts Receivable	Deferred Revenue	Due To Grantor at *	Budgetary Receivable	Cumulative Total Expenditures							
Special Revenue Fund (cont.):																				
Textbook Aid	17-100-034-5120-064	07/01/16-06/30/17	23,632.00			23,632.00	(23,582.00)													
Textbook Aid	16-100-034-5120-064	07/01/15-06/30/16	24,439.00		35.00	43,740.00	(43,740.00)	(35.00)				50.00								23,582.00
Nursing Services	17-100-034-5120-070	07/01/16-06/30/17	43,740.00			43,740.00	(43,740.00)													43,740.00
Technology Initiative	17-100-034-5120-373	07/01/16-06/30/17	10,660.00			10,660.00	(9,703.00)													9,703.00
Technology Initiative	16-100-034-5120-373	07/01/15-06/30/16	11,128.00		558.00	24,300.00	(24,219.00)	(558.00)												24,219.00
Security Aid	17-100-034-5120-509	07/01/16-06/30/17	24,300.00			24,300.00														
Security Aid	16-100-034-5120-509	07/01/15-06/30/16	8,375.00		5.00			(5.00)												
State Department of Health:																				
Special Revenue Fund:																				
Improving School Health to Enhance Learning		07/01/14-06/30/15	4,000.00	446.09								446.09								3,553.91
State Department of Human Services:																				
School Based Youth Service Program	SB10054	07/01/16-06/30/18	433,400.00	2,110.39		216,700.00	(216,700.00)					2,110.39								216,700.00
Total Special Revenue Fund				2,521.48		532,287.00	(547,066.00)	(29,727.00)				2,556.48	(6,698.00)							530,619.91
Capital Projects Fund:																				
State School Building Aid - EFCEFA Grant	SP493980-010-14-1001	N/A	517,334.07	(517,334.07)		517,334.07														517,334.07
Total Capital Projects Fund				(517,334.07)		517,334.07														
State Department of Agriculture:																				
Enterprise Fund:																				
National School Lunch Program (State Share)	17-100-010-3350-023	07/01/16-06/30/17	6,981.62	(472.43)		6,421.07	(6,981.62)													6,981.62
National School Lunch Program (State Share)	16-100-010-3350-023	07/01/15-06/30/16	6,088.86	(472.43)		472.43														
Total Enterprise Fund				(472.43)		6,893.50	(6,981.62)													6,981.62
TOTAL STATE FINANCIAL ASSISTANCE																				
				(658,950.54)	29,727.00	8,708,483.69	(8,916,671.24)	(29,727.00)				2,556.48	(185,807.57)							9,437,559.22
Less On-Behalf TPAF Pension and Annuity Aid																				
On-Behalf TPAF - Post Retirement Medical	17-495-034-5094-001	07/01/16-06/30/17	537,991.00			537,991.00	(537,991.00)													537,991.00
On-Behalf Teachers' Pension and Annuity	17-495-034-5094-002	07/01/16-06/30/17	623,094.00			623,094.00	(623,094.00)													623,094.00
On-Behalf TPAF - LTDI	17-495-034-5094-004	07/01/16-06/30/17	1,539.00			1,539.00	(1,539.00)													1,539.00
On-Behalf TPAF - Non-contributory Insurance	17-495-034-5094-004	07/01/16-06/30/17	22,576.00			22,576.00	(22,576.00)													22,576.00
TOTAL FOR STATE FINANCIAL ASSISTANCE MAJOR PROGRAM DETERMINATION																				
				(658,950.54)	29,727.00	7,583,283.69	(7,731,471.24)	(29,727.00)				2,556.48	(185,807.57)							8,252,359.22
																				655,771.00

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Manchester Regional High 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 and state awards 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 Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in 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 the 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 last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 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 last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(2,587.00) for the general fund and \$0.00 for the special revenue fund. See Notes to Required Supplemental 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 financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$28,217.91	\$8,360,036.62	\$8,388,254.53
Special Revenue Fund	561,398.00	547,066.00	1,108,464.00
Food Service Fund	<u>504,139.02</u>	<u>6,981.62</u>	<u>511,120.64</u>
Total Awards and Financial	<u>\$1,093,754.93</u>	<u>\$8,914,084.24</u>	<u>\$10,007,839.17</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. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. The amount reported as 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 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from 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 amount subject to State single audit and major program determination.

NOTE 7. INDIRECT COST RATE

The Manchester Regional High School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**MANCHESTER REGIONAL HIGH 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? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

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

Auditee qualified as low-risk auditee? X yes no

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A160100</u>	<u>IDEA Part B - Basic</u>

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

Material weakness(es) identified? yes X no

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
	State Aid Public Cluster:
17-495-034-5120-078	Equalization Aid
17-495-034-5120-096	Under Adequacy Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-068	School Choice
17-495-034-5120-089	Special Education Categorical Aid
17-495-034-5120-084	Security Categorical Aid
17-495-034-5120-084	Adjustment Aid
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings

None

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

No matters were reported.

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Status of Prior Year Findings

There were no prior year audit findings.