

SCHOOL DISTRICT  
OF  
MANALAPAN - ENGLISHTOWN  
OF MONMOUTH COUNTY

Manalapan-Englishtown Regional School District  
Township of Manalapan  
and the  
Borough of Englishtown

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

of the

Manalapan-Englishtown Regional School District  
of Monmouth County

Englishtown, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

Manalapan-Englishtown Regional School District  
Finance Department

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## INTRODUCTORY SECTION



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

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

*Veronica Wolf*  
*Board Secretary*

**BUSINESS OFFICE**

**Veronica Wolf**  
*Business Administrator/  
Board Secretary*

**Michael Sloan**  
*Assistant Business Administrator/  
Assistant Board Secretary*

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

February 19, 2019

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

Dear Board Members/Citizens:

It is with pleasure we submit the Comprehensive Annual Financial Report (CAFR) of the Manalapan-Englishtown Regional School District for the fiscal year ended June 30, 2018. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with Management of the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities, including the Management's Discussion and Analysis have been included.

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

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

**SCHOOL DISTRICT ORGANIZATION**

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



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

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

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

Ad-hoc advisory committees composed of representatives from the community; administration, PTA's, PTO's and Booster Club and the Township and Borough are sometimes formed to provide the Board of Education with information and input on specific issues. In the 2017-18 school year the Board of Education did not have a specific Ad-Hoc committee, although the district did seek input from community members and the PTA's regarding curriculum program offerings, a possible referendum and changes in transportation.

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

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

## **EDUCATIONAL PROGRAM**

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

In July 2017, the New Jersey Department of Education released its yearly Taxpayers' Guide to Education Spending for all school districts in the State. The guide compares districts with those who are similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This reports shows that the district spends \$19,075 per pupil while the average costs for similar districts are \$20,832. Of the 79 K-8 school districts in the state with enrollments exceeding 751 children, Manalapan-Englishtown Regional ranked 20th lowest in total cost per pupil.

The following table presents the actual historical pupil enrollment, as of October 15, for the school years 2008-09 through 2017-18.

<b>Enrollment</b>	
<b>School Year</b>	<b>As of October 15</b>
2008-09	5,454
2009-10	5,364
2010-11	5,188
2011-12	5,161
2012-13	5,136
2013-14	5,027
2014-15	5,108
2015-16	4,992
2016-17	4,987
2017-18	4,989

### **ECONOMIC CONDITION AND OUTLOOK**

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

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

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

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

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

The District, along with all of the other public school systems in the state, will continue to face difficult economic situations in the future since the primary funding source is and will continue to be property tax revenue. The proposed budget for the fiscal year 2017-18 was approved on May 1, 2018. Overall tax

revenue for 2017-2018 was increased by 4.41%, but the increased expenditures from the growing cost of contractual salary increases, employee health care, increases in the contributions to the retirement system, and rising insurance premiums have outpaced the additional revenue. We recognize that the state is in a financial crisis and want to assure our residents that the Manalapan-Englishtown Regional School District is doing its part to maintain a responsible budget. The District's administration closely monitors the cost of operations and continues to look for new funding sources in order to maintain the quality education services that the district has been accustomed to providing. Manalapan-Englishtown Regional School's Foundation and the Manalapan-Englishtown Regional School District's PTA's donated generously during the 2017-2018 school year.

## **MAJOR INITIATIVES**

The District has completed several phases of its One to One Digital Conversion Initiative. In September of 2015, the initiative was fully implemented. Every student in grades six through eight have a Chromebook for use both in and outside of school and each fifth grade class has been supplied with a Chromebook cart. During the 2017-2018 school year additional Chromebook carts were introduced in the fourth grade with the intent to have one in each class by September 2019.

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

- Network Upgrade
- Phone System Upgrade
- Security System Upgrade
- Additional locker replacement at the Manalapan-Englishtown Middle School
- Dry Suppression System Installation and HVAC Upgrades at the Manalapan-Englishtown Middle School and Wemrock Brook Elementary School
- HVAC upgrades at the Manalapan-Englishtown Middle School
- The installation of AC in the Milford Brook cafeteria and media center was completed
- An electrical upgrade was completed at the Milford Brook School

## **INTERNAL CONTROLS**

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

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

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

## **BUDGETARY CONTROLS**

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

## **CASH MANAGEMENT**

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

## **RISK MANAGEMENT**

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

## **INDEPENDENT AUDIT**

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

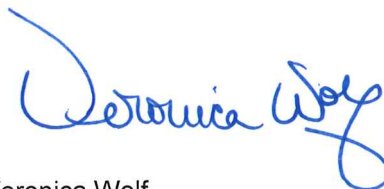
## **ACKNOWLEDGMENTS**

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

Respectfully submitted,

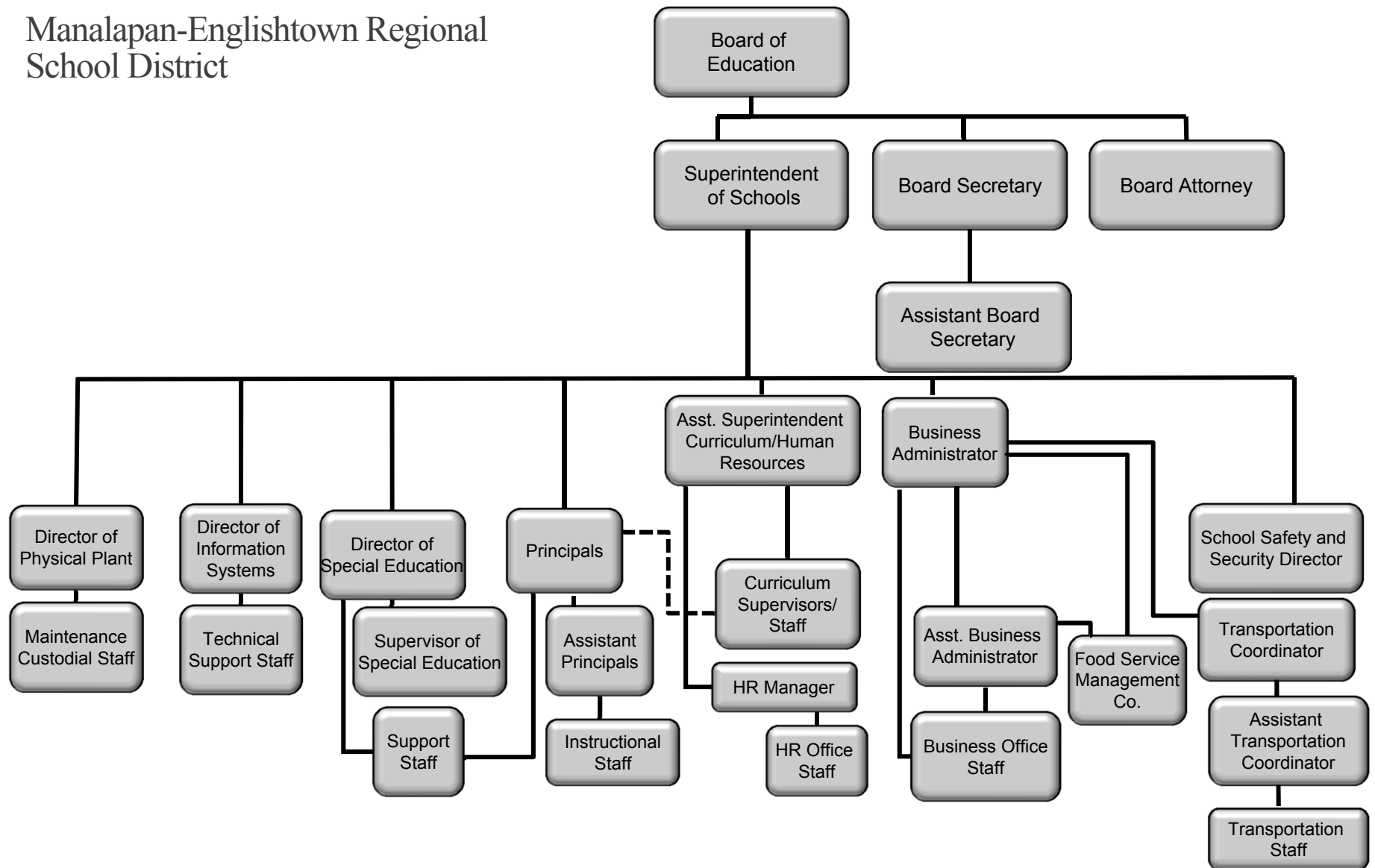


John J. Marciante, Jr., PH. D  
Superintendent



Veronica Wolf  
Board Secretary/School Business Administrator

# Manalapan-Englishtown Regional School District



Manalapan-Englishtown Regional School District  
Englishtown, New Jersey

Roster of Officials  
June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dotty Porcaro, President	2020
Lisa Semel, Vice President	2018
Brian Graime	2020
Annamarie Galante	2018
Gerald Bruno	2019
Janet Lewis	2020
Joe Tringali	2019
Joanne Schechter	2018
Christine Parisi	2019

Other Officials

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

Veronica Wolf, Business Administrator/Board Secretary

Michael Sloan, Assistant Business Administrator/Assistant Board Secretary

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

Manalapan-Englishtown Regional School District  
Consultants and Advisors

Architect

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

Audit Firm

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

Attorney

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

Official Depository

PNC Bank  
109 Route 9  
Marlboro, New Jersey 07726

Financial Advisor

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

Bond Council

McManimon, Scotland & Bavmann, LLC  
75 Livingston Avenue  
Roseland, New Jersey 07068

## FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

**Report of 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 Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey as of June 30, 2018 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.

## ***Emphasis of Matter***

### *Change in Accounting Principle*

As discussed in Note 1 to the basic financial statements, in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are not modified with respect to this matter.

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

### *Other Information*

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

*Other Information (continued)*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019 on our consideration of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted,

Jump, Perry and Company L.L.P.  
Toms River, New Jersey



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

January 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Manalapan-Englishtown Regional School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

Unaudited

The discussion and analysis of Manalapan-Englishtown Regional School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School Board's financial performance.

**Financial Highlights**

Key financial highlights for June 30, 2018 are as follows:

Net position totaled \$33,001,874, which represents a 2.66 percent increase from June 30, 2017.

General revenues accounted for \$83,212,304 in revenue or 87.78 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$11,581,196 or 12.22 percent of total revenues of \$94,793,500.

Total assets decreased by \$727,317 as current assets increased by \$108,067 and capital assets, net decreased by \$835,384.

The School Board had \$93,939,604 in expenses; only \$11,581,196 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$83,212,304 were adequate to provide for these programs.

Among major funds, the General Fund had \$87,186,943 in revenues and \$87,354,666 in expenditures and transfers. The General Fund's balance decreased \$(167,723) over June 30, 2017. The General Fund's balance is \$12,377,077.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the School Board, presenting both an aggregate view of the School Board's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For government funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the School Board's most significant funds with all other non-major funds presented in total in one column. In the case of Manalapan-Englishtown Regional School District, the General Fund is by far the most significant.

## **Reporting the School Board as a Whole**

### **Statement of Net Position and the Statement of Activities**

This document contains all funds used by the School Board to provide programs and activities viewing the School Board as a whole and reports the culmination of all financial transactions. The report answers the question "How Did We Do Financially During Fiscal Year June 30, 2018?" The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets, liabilities, deferred outflows of resources, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School Board's net position and changes in those assets. This change in net position is important because reports whether the School Board's financial position has improved or diminished.

In the Statement of Net Position and the Statement of Activities, the School Board is divided into two kinds of activities:

**Governmental Activities** - All of the School Board'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** - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Funds are reported as a business activity.

## **Reporting the School Board's Most Significant Funds**

### **Fund Financial Statement**

The Analysis of the School Board's major funds begins with Exhibit B-1. Fund financial reports provide detailed information about the School Board's major funds. The School Board's major governmental funds are the General Fund, Special Revenue Fund, and Debt Service Fund.

### **Governmental Funds**

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

### **Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities.

## The School Board as a Whole

The Statement of Net Position provides the financial perspective of the School Board as a whole.

Table 1 provides a summary comparison of the School Board's net position for June 30, 2018 and 2017.

Table 1

Net Position as of June 30, 2018 and June 30, 2017

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 13,687,854	\$ 1,003,201	\$ 14,691,055	\$ 13,845,165	\$ 737,823	\$ 14,582,988
Capital assets, net	93,359,884	197,447	93,557,331	94,186,275	206,440	94,392,715
Total assets	107,047,738	1,200,648	108,248,386	108,031,440	944,263	108,975,703
Deferred outflow of resources	10,936,766	-	10,936,766	15,766,473	-	15,766,473
Liabilities:						
Current liabilities	1,581,365	123,554	1,704,919	1,586,077	51,944	1,638,021
Long-term liabilities outstanding	72,895,743	-	72,895,743	87,526,453	-	87,526,453
Total liabilities	74,477,108	123,554	74,600,662	89,112,530	51,944	89,164,474
Deferred inflow of resources	11,582,616	-	11,582,616	3,429,724	-	3,429,724
Net position:						
Net investment in capital assets	57,217,737	197,447	57,415,184	55,084,790	206,440	55,291,230
Restricted	11,191,038	-	11,191,038	12,426,296	-	12,426,296
Unrestricted	(36,483,995)	879,647	(35,604,348)	(36,255,427)	685,879	(35,569,548)
Total Net Position	\$ 31,924,780	\$ 1,077,094	\$ 33,001,874	\$ 31,255,659	\$ 892,319	\$ 32,147,978

The School Board's combined net position was \$33,001,874 on June 30, 2018. This is a change of 2.66% from the previous year.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2018 and 2017.

Table 2

Changes in Net Position

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 23,608	\$ 1,672,147	\$ 1,695,755	\$ 37,215	\$ 1,592,432	\$ 1,629,647
Operating and capital grants and contributions	9,424,830	460,611	9,885,441	8,791,830	425,389	9,217,219
General revenues:						
Property taxes	64,308,455	-	64,308,455	61,707,673	-	61,707,673
Federal and state aid	18,314,823	-	18,314,823	19,138,157	-	19,138,157
Investment earnings	10,121	80	10,201	5,141	64	5,205
Miscellaneous	578,825	-	578,825	(82,322)	-	(82,322)
<b>Total revenues</b>	<b>92,660,662</b>	<b>2,132,838</b>	<b>94,793,500</b>	<b>89,597,694</b>	<b>2,017,885</b>	<b>91,615,579</b>
<b>Expenses</b>						
Instructional services	59,467,078	-	59,467,078	56,938,170	-	56,938,170
Support services	31,705,884	1,948,063	33,653,947	31,178,254	1,887,642	33,065,896
Charter schools	31,455	-	31,455	28,418	-	28,418
Interest on long-term liabilities	787,124	-	787,124	1,152,291	-	1,152,291
<b>Total expenses</b>	<b>91,991,541</b>	<b>1,948,063</b>	<b>93,939,604</b>	<b>89,297,133</b>	<b>1,887,642</b>	<b>91,184,775</b>
<b>Change in net position</b>	<b>669,121</b>	<b>184,775</b>	<b>853,896</b>	<b>300,561</b>	<b>130,243</b>	<b>430,804</b>
<b>Net position - beginning</b>	<b>31,255,659</b>	<b>892,319</b>	<b>32,147,978</b>	<b>30,955,098</b>	<b>762,076</b>	<b>31,717,174</b>
<b>Net position (deficit) - ending</b>	<b>\$ 31,924,780</b>	<b>\$ 1,077,094</b>	<b>\$ 33,001,874</b>	<b>\$ 31,255,659</b>	<b>\$ 892,319</b>	<b>\$ 32,147,978</b>

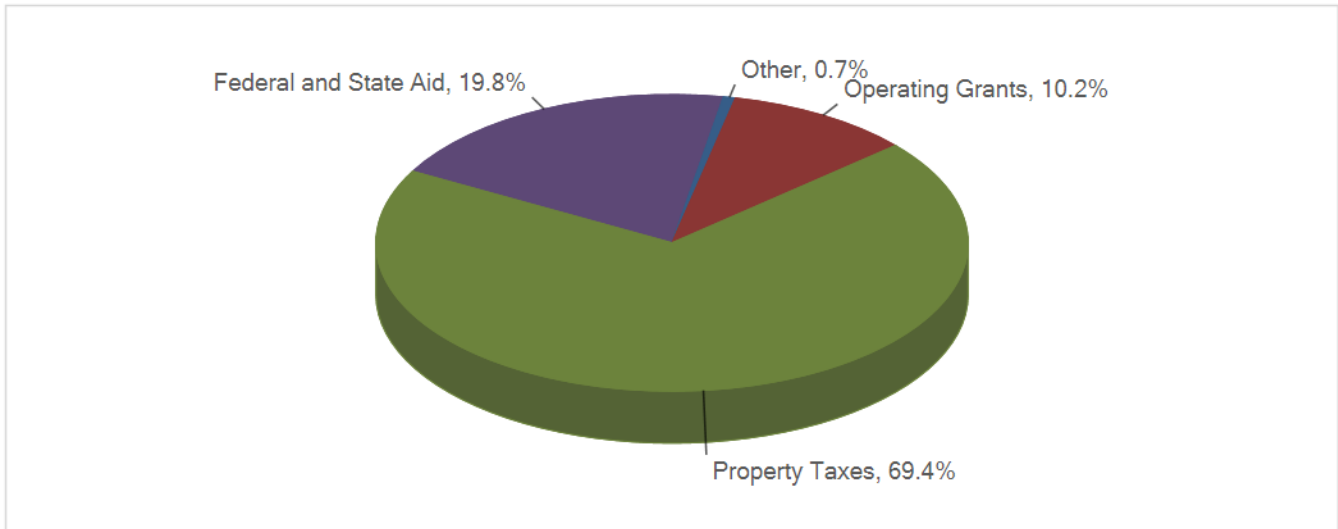
The tax levy increase was due in general to cover increased costs in salaries and benefits, utilities and the debt service. The Federal and State aid-restricted decreased due to the amount in grants available.

Regular instructional costs increased due to contractual increases in salary and benefits as well as program maintenance and enhancements.

Other support services increased primarily due to the additional other purchased professional services from the Special Revenue Fund.



### Sources of Revenue for Fiscal Year 2018



### Expenses for Fiscal Year June 30, 2018

#### Business-Type Activities

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

Total Enterprise Fund revenues exceeded expenses by \$184,775.

Charges for services represent \$1,672,147 of revenue. This represents the amount paid by patrons for daily food service and child care.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$460,691.

#### Governmental Activities

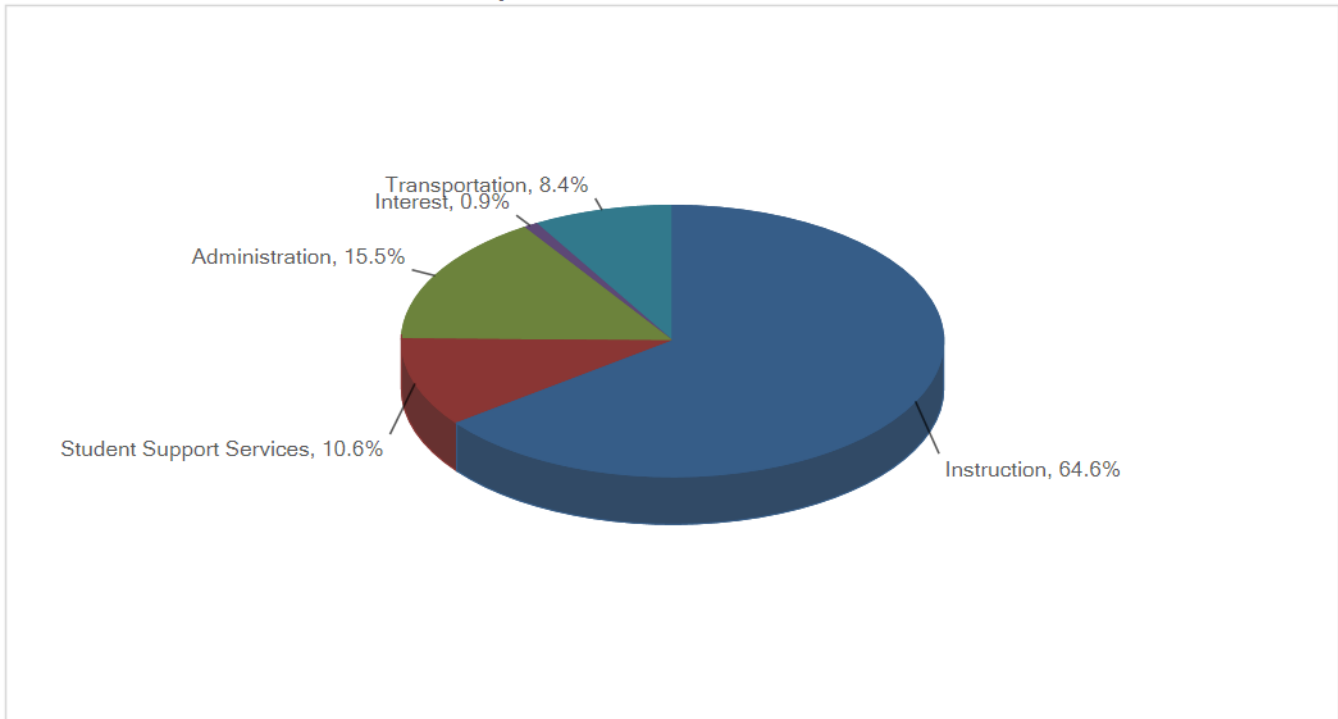
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total costs of services and the net cost of services. The net cost shows the financial burden that was placed on the School District's taxpayers by each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

Table 3

Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 59,467,078	\$ 53,331,280	\$ 56,938,170	\$ 51,122,445
Support Services:				
Pupils and Instructional Staff	9,743,653	9,238,123	9,485,747	8,976,157
General Administration, School Administration, Business Operation and Maintenance of Facilities	14,293,076	12,636,156	15,298,467	13,718,977
Pupil Transportation	7,700,610	6,641,670	6,422,458	5,617,188
Interest and Fiscal Charges	<u>787,124</u>	<u>695,874</u>	<u>1,152,291</u>	<u>1,033,321</u>
<b>Total Expenses</b>	<b>\$ <u>91,991,541</u></b>	<b>\$ <u>82,543,103</u></b>	<b>\$ <u>89,297,133</u></b>	<b>\$ <u>80,468,088</u></b>

**Expenses for Fiscal Year 2018**



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

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership. Approximately 90% of the student population participates in extracurricular activities.

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

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

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

Pupil transportation includes activities involved with the conveyance of students to and from school, to school curricular and athletic activities and field trips as provided by state law.

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

### The School Board's Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Englishtown, State of New Jersey and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2018, it reported a combined fund balance of \$12,392,881, which is a decrease of \$(167,723). The Reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Exhibit B-3, presents the reader with a detailed explanation of the decrease in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2018.

<u>Revenue</u>	<u>2018 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 64,921,009	70.06 %	\$ 2,609,501	4.19 %
State Sources	26,109,183	28.18	(177,029)	(0.67)
Federal Sources	<u>1,630,470</u>	<u>1.76</u>	<u>(13,305)</u>	<u>(0.81)</u>
Total	<u>\$ 92,660,662</u>	<u>100.00 %</u>	<u>\$ 2,419,167</u>	<u>2.68 %</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2018.

<u>Expenditures</u>	<u>2018 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 39,928,044	43.01 %	\$ 626,260	1.59 %
Undistributed Expenditures	47,225,960	50.87	2,029,084	4.49
Capital Outlay	1,927,919	2.08	(103,407)	(5.09)
Debt Service:				
Principal	2,270,000	2.45	(245,000)	(9.74)
Interest	<u>1,476,462</u>	<u>1.59</u>	<u>68,934</u>	<u>4.90</u>
Total	<u>\$ 92,828,385</u>	<u>100.00 %</u>	<u>\$ 2,375,871</u>	<u>2.63 %</u>

### General Fund Budgeting Highlights

The School Board's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in Section C of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year approximately \$6,999,226 better than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$414,795 more than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are Capital Reserve \$1,187,944, Maintenance Reserve \$2,210,796 and Emergency Reserve \$-. These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District

The expenditures were less due to cost containment by the Board even after the salary and benefit increases. General supplies were purchased at better prices than expected due to the school board joining other schools in cooperative bidding. The district also joined a co-op for energy consumption, which was done after the budget was struck. Through efforts made in finding jointures with other local districts, and increase students on district owned vehicles the district transportation costs were lowered for special needs students.

The revenue situation arose primarily because of tuition received from out of district students.

The excesses will be carried forward into the beginning fund balance from the 2017-2018 fiscal year and will be used to reduce the local tax levy for the 2019-2020 fiscal year.

### Capital Assets and Debt Administration

*Capital Assets.* At the end of the fiscal year June 30, 2018, the School Board had \$93,557,331 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2018 and June 30, 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 9,747,190	\$ 9,747,190	\$ -	\$ -	\$ 9,747,190	\$ 9,747,190
Construction in Progress Building and Improvements	1,201,380	1,299,766	-	-	1,201,380	1,299,766
Machinery and Equipment	79,621,102	80,195,980	31,941	41,567	79,653,043	80,237,547
	2,790,212	2,943,339	165,506	164,873	2,955,718	3,108,212
<b>Total</b>	<b>\$ 93,359,884</b>	<b>\$ 94,186,275</b>	<b>\$ 197,447</b>	<b>\$ 206,440</b>	<b>\$ 93,557,331</b>	<b>\$ 94,392,715</b>

During the current fiscal year, \$2,442,628 of fixed assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

*Debt Administration.* The District's long-term liabilities are as follows for the governmental and business-type activities :

	June 30, 2018	June 30, 2017
Bonds Payable (net)	\$ 32,530,000	\$ 34,800,000
Capital Leases payable	889,134	1,026,183
Pension Liability-PERS	36,972,601	49,368,825
Compensated Absences payable	<u>2,504,008</u>	<u>2,331,445</u>
<b>Total long-term liabilities</b>	<b>\$ <u>72,895,743</u></b>	<b>\$ <u>87,526,453</u></b>

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

### Economic Factors and Next Year's Budget

For the 2017-2018 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 29.94% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 70.06% of total revenue is from local sources.

The \$(36,483,995) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would have that much in value.

The 2017-2018 budget was adopted in March 2017 based in part on the state education aid the School Board anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Borough of Englishtown for increased aid.

The School Board anticipates a slight increase in enrollment for the 2018-2019 fiscal year. If the School Board were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the School Board will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

### **Contacting the School Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Manalapan-Englishtown Regional School District, 54 Main Street, Englishtown, NJ, 07726.

## BASIC FINANCIAL STATEMENTS

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,568,820	\$ 934,773	\$ 13,503,593
Receivables, net	72,049	19,474	91,523
Receivables - state	751,583	2,060	753,643
Receivables - other governments	295,390	27,662	323,052
Interfund receivable	14	-	14
Inventory	-	19,232	19,232
Capital assets, non-depreciable	10,948,570	-	10,948,570
Capital assets, depreciable, net	82,411,314	197,447	82,608,761
Total assets	<u>107,047,740</u>	<u>1,200,648</u>	<u>108,248,388</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred outflows - PERS	10,936,766	-	10,936,766
Total deferred outflows	<u>10,936,766</u>	<u>-</u>	<u>10,936,766</u>
<b>LIABILITIES</b>			
Accounts payable	856,258	75,514	931,772
Accrued bond interest	286,392	-	286,392
Other current liabilities	315,181	-	315,181
Unearned revenue	123,536	48,040	171,576
Noncurrent liabilities:			
Due within one year	2,738,848	-	2,738,848
Due beyond one year	70,156,895	-	70,156,895
Total liabilities	<u>74,477,110</u>	<u>123,554</u>	<u>74,600,664</u>
<b>DEFERRED INFLOWS</b>			
Deferred inflows - PERS	9,145,995	-	9,145,995
Deferred bond issuance costs, net	2,436,621	-	2,436,621
Total deferred inflows	<u>11,582,616</u>	<u>-</u>	<u>11,582,616</u>
<b>NET POSITION</b>			
Net investment in capital assets	57,217,737	197,447	57,415,184
Restricted for:			
Debt service	15,804	-	15,804
Other purposes	11,175,234	-	11,175,234
Unrestricted	(36,483,995)	879,647	(35,604,348)
Total net position	<u>\$ 31,924,780</u>	<u>\$ 1,077,094</u>	<u>\$ 33,001,874</u>

See accompanying notes to financial statements.



**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Current:							
Regular instruction	\$ 41,256,524	\$ 23,608	\$ 3,992,270	\$ -	\$ (37,240,646)	\$ -	\$(37,240,646)
Special schools instruction	14,082,017	-	1,634,060	-	(12,447,957)	-	(12,447,957)
Other special instruction	4,121,280	-	477,760	-	(3,643,520)	-	(3,643,520)
Nonpublic school programs	7,257	-	8,100	-	843	-	843
Support services and undistributed costs:							
Tuition	1,533,440	-	-	-	(1,533,440)	-	(1,533,440)
Student & instruction related services	8,178,758	-	501,880	-	(7,676,878)	-	(7,676,878)
General administration	1,296,086	-	150,250	-	(1,145,836)	-	(1,145,836)
School administrative services	3,409,285	-	395,220	-	(3,014,065)	-	(3,014,065)
Central services	1,169,527	-	135,580	-	(1,033,947)	-	(1,033,947)
Administrative information technology	558,986	-	64,800	-	(494,186)	-	(494,186)
Plant operations & maintenance	7,859,192	-	911,070	-	(6,948,122)	-	(6,948,122)
Pupil transportation	7,700,610	-	1,058,940	-	(6,641,670)	-	(6,641,670)
Charter Schools	31,455	-	3,650	-	(27,805)	-	(27,805)
Interest on long-term debt	787,124	-	91,250	-	(695,874)	-	(695,874)
Unallocated depreciation	-	-	-	-	-	-	-
Total governmental activities	<u>91,991,541</u>	<u>23,608</u>	<u>9,424,830</u>	<u>-</u>	<u>(82,543,103)</u>	<u>-</u>	<u>(82,543,103)</u>
<b>Business-type activities:</b>							
Food service	1,948,063	1,672,147	460,611	-	-	184,695	184,695
Total business-type activities	<u>1,948,063</u>	<u>1,672,147</u>	<u>460,611</u>	<u>-</u>	<u>-</u>	<u>184,695</u>	<u>184,695</u>
Total primary government	<u>\$ 93,939,604</u>	<u>\$ 1,695,755</u>	<u>\$ 9,885,441</u>	<u>\$ -</u>	<u>\$ (82,543,103)</u>	<u>\$ 184,695</u>	<u>\$(82,358,408)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes levied for general purpose					60,996,055	-	60,996,055
Taxes levied for debt service					3,312,400	-	3,312,400
Federal and state aid - not restricted					17,822,440	-	17,822,440
Federal and State aid - restricted					492,383	-	492,383
Miscellaneous income					578,825	-	578,825
Investment earnings					10,121	80	10,201
Total general revenues					<u>83,212,224</u>	<u>80</u>	<u>83,212,304</u>
<b>Change in net position</b>					669,121	184,775	853,896
<b>Net position—beginning</b>					31,255,659	892,319	32,147,978
<b>Net position—ending</b>					<u>\$ 31,924,780</u>	<u>\$ 1,077,094</u>	<u>\$ 33,001,874</u>

## MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,154,276	\$ -	\$ 15,804	\$ 9,170,080
Receivables, net	65,295	6,754	-	72,049
Due from other funds	113,886	-	-	113,886
Receivables from other governments	751,583	295,390	-	1,046,973
Restricted cash and cash equivalents	3,398,740	-	-	3,398,740
Total assets	<u>\$ 13,483,780</u>	<u>\$ 302,144</u>	<u>\$ 15,804</u>	<u>\$ 13,801,728</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	824,507	31,751	-	856,258
Interfund payable	-	113,872	-	113,872
Payable to state government	-	77,705	-	77,705
Deferred revenue	45,358	78,178	-	123,536
Other current liabilities	236,838	638	-	237,476
Total liabilities	<u>1,106,703</u>	<u>302,144</u>	<u>-</u>	<u>1,408,847</u>
Fund Balances:				
Restricted for:				
Excess surplus	3,902,873	-	-	3,902,873
Excess surplus -- designated for				
Subsequent year's expenditures	2,500,000	-	-	2,500,000
Maintenance reserve account	2,210,796	-	-	2,210,796
Capital reserve account	1,187,944	-	-	1,187,944
Debt service fund	-	-	15,804	15,804
Capital Projects	-	-	-	-
Assigned to:				
Other purposes	848,569	-	-	848,569
Designated by the BOE for subsequent year's expenditures	1,373,621	-	-	1,373,621
Unassigned, reported in:				
General fund	353,274	-	-	353,274
Total Fund balances	<u>12,377,077</u>	<u>-</u>	<u>15,804</u>	<u>12,392,881</u>
Total liabilities and fund balances	<u>\$ 13,483,780</u>	<u>\$ 302,144</u>	<u>\$ 15,804</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are 146,030,842 and the accumulated depreciation is \$52,670,958.	93,359,884
Deferred outflows related to the PERS pension plan	10,936,766
Deferred inflows related to the PERS pension plan	(9,145,995)
Bond premium is being amortized in accordance with the premium originally paid on each coupon. The amortization is not recorded in the funds. The original premium was \$2,974,727.	(2,436,621)
Accrued bond interest	(286,392)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(72,895,743)</u>
Net position of governmental activities	<u>\$ 31,924,780</u>

See accompanying notes to financial statements.

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2018**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>				
Local sources:				
Local tax levy	\$ 60,996,055	\$ -	\$ 3,312,400	\$ 64,308,455
Tuition charges	23,608	-	-	23,608
Interest on investments	1,623	-	-	1,623
Interest earned on capital reserve funds	8,498	-	-	8,498
Miscellaneous	430,974	147,851	-	578,825
Total - Local Sources	61,460,758	147,851	3,312,400	64,921,009
State sources	25,667,864	7,257	434,062	26,109,183
Federal sources	58,321	1,572,149	-	1,630,470
Total revenues	87,186,943	1,727,257	3,746,462	92,660,662
<b>EXPENDITURES</b>				
Current:				
Regular instruction	25,143,658	1,460,585	-	26,604,243
Special education instruction	10,205,704	1,618	-	10,207,322
Other special instruction	3,109,222	-	-	3,109,222
Nonpublic school programs	-	7,257	-	7,257
Undistributed - current:				
Tuition	1,533,440	-	-	1,533,440
Student & instruction related services	7,950,359	-	-	7,950,359
General administration	1,064,914	231,172	-	1,296,086
School administrative services	3,387,548	-	-	3,387,548
Central services	1,169,527	-	-	1,169,527
Administrative information technology	558,986	-	-	558,986
Plant operations & maintenance	8,088,562	-	-	8,088,562
Pupil transportation	7,465,910	-	-	7,465,910
Other support services	-	-	-	-
Employee benefits	15,744,087	-	-	15,744,087
Unallocated employee benefits	-	-	-	-
Non-budgeted expenditures	-	-	-	-
Special schools	-	-	-	-
Transfer to Charter Schools	31,455	-	-	31,455
Debt service:				
Principal	-	-	2,270,000	2,270,000
Interest and other charges	-	-	1,476,462	1,476,462
Capital outlay	1,901,294	26,625	-	1,927,919
Total expenditures	87,354,666	1,727,257	3,746,462	92,828,385
Net change in fund balances	(167,723)	-	-	(167,723)
Fund balance—July 1	12,544,800	-	15,804	12,560,604
Fund balance—June 30	\$ 12,377,077	\$ -	\$ 15,804	\$ 12,392,881

See accompanying notes to financial statements.

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

**Total net change in fund balances - governmental funds (from B-2) \$ (167,723)**

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	3,150,333	
	Capital outlays	<u>(2,323,942)</u>	(826,391)

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

	Accumulated depreciation on capital assets sold or retired during the fiscal year ended June 30, 2018	(834,950)	
	Cost basis of capital assets sold or retired during the fiscal year ended June 30, 2018	<u>834,950</u>	-

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey. (1,123,540)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 2,270,000

The issuance of bonds is revenue in the governmental funds, but increases long-term liabilities in the statement of net position and is not reported in the statement of activities. -

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an addition to the reconciliation. 15,124

In the Statement of Activities, the bond premium is reclassified as a liability. In the governmental funds, the payment is an expenditure. 537,165

In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability. In the governmental funds, the payments is an expenditure. (Amount is net of payments included in capital outlay) 137,049

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

In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. (172,563)

**Change in net position of governmental activities \$ 669,121**

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<b>Business-type-activities-</b> <b>Enterprise Funds</b> <b>Food</b> <b>Service</b> <hr/>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 934,773
Accounts receivable	29,722
Other receivables	19,474
Inventories	19,232
Total current assets	<hr/> <u>1,003,201</u>
Noncurrent assets:	
Building improvements	192,533
Furniture, machinery & equipment	1,105,203
Less accumulated depreciation	<u>(1,100,289)</u>
Total noncurrent assets	197,447
Total assets	<hr/> <u>\$ 1,200,648</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 75,514
Unearned revenue	48,040
Total current liabilities	<hr/> <u>123,554</u>
<b>NET POSITION</b>	
Net investment in capital assets	197,447
Unrestricted	879,647
Total net position	<hr/> <u>1,077,094</u>
Total liabilities and net position	<hr/> <u>\$ 1,200,648</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>Business-type Activities</b> <u><b>Enterprise Fund</b></u> <b>Food</b> <u><b>Service</b></u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 993,389
Daily sales - non-reimbursable programs	672,430
Special functions	6,328
Total operating revenues	<u>1,672,147</u>
Operating expenses:	
Cost of sales - reimbursable programs	692,312
Cost of sales - non-reimbursable programs	171,304
Salaries	593,464
Employee benefits	234,046
Other purchased professional services	115,226
Cleaning, repair and maintenance services	54,824
General supplies	57,594
Depreciation	29,293
Total Operating Expenses	<u>1,948,063</u>
Operating income (loss)	<u>(275,916)</u>
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	22,742
Federal sources:	
National school lunch program	315,804
Special milk program	77
Food distribution program	121,988
Interest and investment revenue	80
Total nonoperating revenues (expenses)	<u>460,691</u>
Change in net position	<u>184,775</u>
Total net position—beginning	892,319
Total net position—ending	<u><u>\$ 1,077,094</u></u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Food Services Enterprise Fund**  
**Statement of Cash Flows**  
**for the Fiscal Year ended June 30, 2018**

	<b>Food Service</b>
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 1,670,623
Payments to employees	(529,814)
Payments for employee benefits	(234,046)
Payments to suppliers	(969,272)
Net cash used for operating activities	(62,509)
Cash Flows from Noncapital Financing Activities	
State sources	21,931
Federal sources	308,548
Net cash provided by noncapital financing activities	330,479
Cash Flows from Capital and Related Financing Activities	
Purchases of fixed assets	(20,300)
Net cash used for capital and related financing activities	(20,300)
Cash Flows from Investing Activities	
Interest on investments	80
Net cash provided by investing activities	80
Net increase in cash and cash equivalents	247,750
Balances-beginning of the year	687,023
Balances-end of the year	\$ 934,773
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating loss	\$ (275,916)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation	29,293
Federal commodities	121,988
Change in assets and liabilities:	
Decrease (increase) in interfund receivable	16,411
Decrease (increase) in accounts receivable	(17,935)
Decrease (increase) in inventory	8,451
Increase (decrease) in accounts payable	55,199
Total adjustments	213,407
Net cash used by operating activities	\$ (62,509)

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**June 30, 2018**

	Trust				Agency			
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trust Fund	Student Activity	Payroll	Flex Spending	Total Agency
<b>ASSETS</b>								
Cash and cash equivalents	\$ 626,701	\$ 5,776	\$ 40,008	\$ 672,485	\$ 35,058	\$ 163,778	\$ 75,466	\$ 274,302
Other accounts receivable	-	-	-	-	-	-	-	-
Interfund receivable	81,668	-	-	81,668	-	-	-	-
Total assets	<u>708,369</u>	<u>5,776</u>	<u>40,008</u>	<u>754,153</u>	<u>\$ 35,058</u>	<u>\$ 163,778</u>	<u>\$ 75,466</u>	<u>\$ 274,302</u>
<b>LIABILITIES</b>								
Accounts payable	5,897	-	-	5,897	-	35,394	-	35,394
Payroll deductions and withholdings	-	-	-	-	-	46,702	75,466	122,168
Payable to student groups	-	-	-	-	35,058	-	-	35,058
Intrafund payable	-	-	-	-	-	81,668	-	81,668
Other current liabilities	-	-	-	-	-	14	-	14
Total liabilities	<u>\$ 5,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,897</u>	<u>\$ 35,058</u>	<u>\$ 163,778</u>	<u>\$ 75,466</u>	<u>\$ 274,302</u>
<b>NET POSITION</b>								
Held in trust for unemployment claims and other purposes	702,472	-	40,008	742,480	-	-	-	-
Reserved for scholarships	-	5,776	-	5,776	-	-	-	-
Total net position	<u>702,472</u>	<u>5,776</u>	<u>40,008</u>	<u>748,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 708,369</u>	<u>\$ 5,776</u>	<u>\$ 40,008</u>	<u>\$ 754,153</u>	<u>\$ 35,058</u>	<u>\$ 163,778</u>	<u>\$ 75,466</u>	<u>\$ 274,302</u>



**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2018**

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trusts
<b>ADDITIONS</b>				
Contributions:				
Plan member	\$ 80,933	\$ -	\$ -	\$ 80,933
Other	-	1,650	-	1,650
Total Contributions	<u>80,933</u>	<u>1,650</u>	<u>-</u>	<u>82,583</u>
Investment earnings:				
Net increase (decrease) in fair value of investments	-	-	-	-
Interest	65	1	4	70
Dividends	-	-	-	-
Less investment expense	-	-	-	-
Net investment earnings	<u>65</u>	<u>1</u>	<u>4</u>	<u>70</u>
Total additions	<u>80,998</u>	<u>1,651</u>	<u>4</u>	<u>82,653</u>
<b>DEDUCTIONS</b>				
Quarterly contribution reports	-	-	-	-
Unemployment claims	70,469	-	-	70,469
Scholarships awarded	-	-	-	-
Refunds of contributions	-	-	-	-
Administrative expenses	-	-	-	-
Total deductions	<u>70,469</u>	<u>-</u>	<u>-</u>	<u>70,469</u>
Change in net position	10,529	1,651	4	12,184
Net position—beginning of the year	<u>691,943</u>	<u>4,125</u>	<u>40,004</u>	<u>736,072</u>
Net position—end of the year	<u>\$ 702,472</u>	<u>\$ 5,776</u>	<u>\$ 40,008</u>	<u>748,256</u>

# Manalapan-Englishtown Regional School District

## Notes to Financial Statements

For the Year Ended June 30, 2018

### 1. **Description of the School District and Reporting Entity**

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

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

#### **A. Reporting Entity**

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

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

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

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

#### **A. Basis of Presentation**

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**2. Summary of Significant Accounting Policies (Continued)**

**A. Basis of Presentation (Continued)**

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

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

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

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**2. Summary of Significant Accounting Policies (Continued)**

**A. Basis of Presentation (Continued)**

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

The District reports the following governmental funds:

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

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

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

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**2. Summary of Significant Accounting Policies (Continued)**

**A. Basis of Presentation (Continued)**

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

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

The District reports the following proprietary fund:

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

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

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

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

Additionally, the District reports the following fund type:

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

**B. Basis of Accounting**

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**2. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting (Continued)**

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

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

**C. Property Taxes**

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

**D. Budgets/Budgetary Control**

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**2. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

**E. Encumbrances**

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

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

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**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.

**G. Interfund Activity**

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

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

**H. Allowances for Uncollectible Accounts**

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

**I. Inventories and Prepaid Expenses**

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

Prior to 2018, the District reported inventories at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. The District began stating inventories prospectively at the lower of FIFO cost and net realizable value. This change was made in response to a recent FASB standard issued as part of the Board's simplification initiative. Under the prior method, "market", was replacement cost, subject to possible adjustments. Net realizable value is based on the selling price. The change is intended to reduce complexity in financial statement preparation. This change had no significant effect on earnings for 2018.

**J. Capital Assets**

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



Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**2. Summary of Significant Accounting Policies (Continued)**

**J. Capital Assets (Continued)**

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

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

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

**K. Compensated Absences**

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

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

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

**L. Unearned/Deferred Revenue**

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**2. Summary of Significant Accounting Policies (Continued)**

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

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

**N. Net Position**

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

**O. Fund Balance Reserves**

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

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**2. Summary of Significant Accounting Policies (Continued)**

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

4. Assigned - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned - includes all spendable amounts not contained in the other classifications.

**P. Revenues - Exchange and Non-exchange Transactions**

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

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

**Q. Operating Revenues and Expenses**

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

**R. Management Estimates**

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**2. Summary of Significant Accounting Policies (Continued)**

**S. Allocation of Indirect Expense**

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

**T. Deferred Outflows/Inflows of Resources**

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

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

**3. Cash and Cash Equivalents and Investments**

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:2037 provides a list of permissible investments that may be purchased by New Jersey school districts.

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

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**3. Cash and Cash Equivalents and Investments (Continued)**

Deposits:

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

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

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

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

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which a government's deposits and investments are exposed to custodial credit risk. Pursuant to Governmental Accounting Standards, the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. As of June 30, 2018, all of the District's deposits, except as noted below, were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

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

As of June 30, 2018, the carrying amount of the District's deposits for all funds was \$14,450,377 and the bank balance was \$15,791,737. All bank deposits, as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA.

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**3. Cash and Cash Equivalents and Investments (Continued)**

Investments:

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

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

As of June 30, 2018, the District's Cash and Cash Equivalents consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking Accounts	\$ 13,796,241
Capital Reserve	653,936
Change Funds	<u>200</u>
Totals	<u>\$ 14,450,377</u>

The fiduciary funds had a balance of \$934,773 at June 30, 2018.

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

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

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**4. Restricted Cash Reserves**

**A. Capital Reserve Account**

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

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

The activity of the capital reserve for the July 01, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 1,882,157
Add:	
Deposits	500,000
Interest earnings	8,498
Transfer of unspent funds	92,963
Less:	
Board resolution	515,000
FY 2017-2018 Budgeted withdrawal	<u>780,674</u>
Ending Balance, June 30, 2018	<u>\$ 1,187,944</u>

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

**B. Maintenance Reserve**

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

4. Restricted Cash Reserves (Continued)

B. Maintenance Reserve (Continued)

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

The activity of the maintenance reserve for the July 01, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 2,980,796
Add:	
Deposits	500,000
Less:	
FY 2017-2018 Budgeted withdrawal	<u>1,270,000</u>
Ending balance, June 30, 2018	<u>\$ 2,210,796</u>

5. Receivables

Receivables at June 30, 2018 consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of governmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	District-Wide Financial <u>Statements</u>
State Aid	\$ 751,583	753,643
Federal Aid	295,390	323,052
Interfunds	113,886	14
Other	<u>72,049</u>	<u>91,523</u>
Gross Receivables	1,232,908	1,168,232
Less: Allowance for Uncollectible	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 1,232,908</u>	<u>1,168,232</u>



Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

6. Capital Assets

Capital assets consisted of the following at June 30, 2018:

	Beginning <u>Balance</u>	Additions	Retirements	Ending <u>Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 9,747,190	\$ -	\$ -	\$ 9,747,190
Construction in Progress	<u>1,299,766</u>	<u>673,908</u>	<u>(772,294)</u>	<u>1,201,380</u>
Total Capital Assets Not Being Depreciated	<u>11,046,956</u>	<u>673,908</u>	<u>(772,294)</u>	<u>10,948,570</u>
Capital Assets Being Depreciated				
Building and Building Improvements	119,212,498	1,679,289	-	120,891,787
Machinery and Equipment	<u>14,282,396</u>	<u>743,039</u>	<u>(834,950)</u>	<u>14,190,485</u>
Totals at Historical Cost	<u>133,494,894</u>	<u>2,422,328</u>	<u>(834,950)</u>	<u>135,082,272</u>
Less Accumulated Depreciation for:				
Building and Building Improvements	(39,016,518)	(2,254,167)	-	(41,270,685)
Machinery and Equipment	<u>(11,339,057)</u>	<u>(896,166)</u>	<u>834,950</u>	<u>(11,400,273)</u>
Total Accumulated Depreciation	<u>(50,355,575)</u>	<u>(3,150,333)</u>	<u>834,950</u>	<u>(52,670,958)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>83,139,319</u>	<u>(728,005)</u>	<u>-</u>	<u>82,411,314</u>
Government Activity Capital Assets, Net	<u>94,186,275</u>	<u>(54,097)</u>	<u>(772,294)</u>	<u>93,359,884</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Building improvements	192,533	-	-	192,533
Equipment	<u>1,084,903</u>	<u>20,300</u>	<u>-</u>	<u>1,105,203</u>
Totals at Historical Cost	1,277,436	20,300	-	1,297,736
Less Accumulated Depreciation for:				
Building Improvements	(150,965)	(9,627)	-	(160,592)
Machinery and Equipment	<u>(920,031)</u>	<u>(19,666)</u>	<u>-</u>	<u>(939,697)</u>
Total Accumulated Depreciation	<u>(1,070,996)</u>	<u>(29,293)</u>	<u>-</u>	<u>(1,100,289)</u>
Enterprise Fund Capital Assets, Net	<u>\$ 206,440</u>	<u>\$ (8,993)</u>	<u>\$ -</u>	<u>\$ 197,447</u>

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**6. Capital Assets (Continued)**

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 2,335,027
Special school instruction	163,817
Student & instruction services	228,399
School administration	21,737
Plant operations & maintenance	166,653
Student transportation	<u>234,700</u>
Total depreciation expense	<u>\$ 3,150,333</u>

**7. Long-term Liabilities**

During the fiscal year ended June 30, 2018 the following changes occurred in the non-current liabilities:

	Balance July 01, 2017	Increase/ (Decrease)	Balance June 30, 2018	Due within one year
Bonds payable	\$ 34,800,000	(2,270,000)	32,530,000	\$ 2,385,000
Obligations under capital leases	1,026,183	(137,049)	889,134	119,285
Compensated absences payable	2,331,445	172,563	2,504,008	234,563
Pension liability - PERS	<u>49,368,825</u>	<u>(12,396,224)</u>	<u>36,972,601</u>	-
	<u>\$ 87,526,453</u>	<u>(14,630,710)</u>	<u>72,895,743</u>	<u>\$ 2,738,848</u>

**A. Bonds Payable**

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

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

Year ended June 30	Principal	Interest	Total
2019	\$ 2,385,000	\$ 1,363,600	\$ 3,748,600
2020	2,495,000	1,244,550	3,739,550
2021	2,620,000	1,119,106	3,739,106
2022	2,755,000	984,781	3,739,781
2023	2,895,000	844,825	3,739,825
2024-2028	15,870,000	2,322,200	18,192,200
2029	<u>3,510,000</u>	<u>70,200</u>	<u>3,580,200</u>
	<u>\$ 32,530,000</u>	<u>\$ 7,949,262</u>	<u>\$ 40,479,262</u>

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

7. Long-term Liabilities (Continued)

B. Bonds Authorized But Not Issued

As of June 30, 2018, the District had no authorized but not issued bonds.

C. Capital Leases

The District is leasing buses and a roof lease/purchase totaling \$2,868,519, with a net book value of \$889,134 under capital leases. All capital leases are for terms of two to ten years. The following is a schedule of the future minimum lease payments under capital leases and the present value of the net minimum leases payments as of June 30, 2018:

Year ended June 30,	
2019	\$ 136,740
2020	136,740
2021	136,740
2022	136,740
2023	136,740
2024-2027	<u>278,405</u>
Total minimum lease payments	962,105
Less: amounts representing interest	<u>(72,971)</u>
Present value of lease payments	<u>\$ 889,134</u>

8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

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

**Plan Description (Continued)**

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

**Contributions** - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

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

**Contributions (Continued)**

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

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At**

June 30, 2018, the School District reported a liability of 36,972,601 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The School District's proportion measured as of June 30, 2017, was .1588287779%, which was a decrease of .0078613176% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$1,123,540 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 870,582	\$ -
Changes of assumptions	7,448,745	7,421,437
Net difference between projected and actual earnings on pension plan investments	251,760	-
Changes in proportion and differences between District contributions and proportionate share of contributions	971,074	1,724,558
District contributions subsequent to the measurement date	<u>1,394,605</u>	<u>-</u>
Total	<u>\$ 10,936,766</u>	<u>\$ 9,145,995</u>

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

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

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

\$1,394,605 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	299,929
2019		452,600
2020		274,252
2021		(364,756)
2022		(265,859)
Thereafter		-
Total	\$	<u>396,166</u>

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015 and 2014 amounts, respectively.

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

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

**Actuarial Assumptions** - The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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 ranged 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, 2017 are summarized in the following table:



Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00 %	5.51 %
Cash Equivalents	5.50 %	1.00 %
U.S. Treasuries	3.00 %	1.87 %
Investment Grade Credit	10.00 %	3.78 %
Public High Yield	2.50 %	6.82 %
Global Diversified Credit	5.00 %	7.10 %
Credit Oriented Hedge Funds	1.00 %	6.60 %
Debt Related Private Equity	2.00 %	10.63 %
Debt Related Real Estate	1.00 %	6.61 %
Private Real Asset	2.50 %	11.83 %
Equity Related Real Estate	6.25 %	9.23 %
U.S. Equity	30.00 %	8.19 %
Non-U.S. Developed Markets Equity	11.50 %	9.00 %
Emerging Markets Equity	6.50 %	11.64 %
Buyouts/Venture Capital	8.25 %	13.08 %

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. State employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

A. Public Employees' Retirement System (PERS) (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, 2017 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	45,867,269	36,972,801	29,562,607

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/18</u>	<u>6/30/17</u>
Collective Deferred Outflows of Resources	723,829,861	7,815,204,785
Collective Deferred Inflows of Resources	-	-
Collective Net Pension Liability	23,278,401,588	29,617,131,759
School District's Portion	.1588287779%	.1666900955%

B. Teachers' Pension and Annuity (TPAF)

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

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

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

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

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A. 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

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

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2017 was \$216,925,290. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was .3217349288%, which was an increase of .0046965865% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized a pension expense in the amount of \$4,935,360 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2017 measurement date.

**Actuarial Assumptions** - The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.00%

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

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

**Long-term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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 ranged 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00 %	5.51 %
Cash Equivalents	5.50 %	1.00 %
U.S. Treasuries	3.00 %	1.87 %
Investment Grade Credit	10.00 %	3.78 %
Public High Yield	2.50 %	6.82 %
Global Diversified Credit	5.00 %	7.10 %
Credit Oriented Hedge Funds	1.00 %	6.60 %
Debt Related Private Equity	2.00 %	10.63 %
Debt Related Real Estate	1.00 %	6.61 %
Private Real Asset	2.50 %	11.83 %
Equity Related Real Estate	6.25 %	9.23 %
U.S. Equity	30.00 %	8.19 %
Non-U.S. Developed Markets Equity	11.50 %	9.00 %
Emerging Markets Equity	6.50 %	11.64 %
Buyouts/Venture Capital	8.25 %	13.08 %

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Pension Plans (Continued)

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

**Discount Rate** - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. State employer contributed 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 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:

	<b>1% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
District's proportionate share of the net pension liability	258,656,644	216,925,290	183,993,842

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**9. Defined Contribution Retirement Plan (DCRP)**

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

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

The District's contributions to the DCRP for June 30, 2018 were \$121,665. There was no liability for unpaid contributions at June 30, 2018.

**10. Post-Retirement Benefits**

**General Information about the OPEB Plan**

**Plan description and benefits provided**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with, P.L. 1994 c. 62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.  
(GASB Cod. Sec. 2300.106(g))

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. **Post-Retirement Benefits (Continued)**

**General Information about the OPEB Plan (Continued)**

**Plan description and benefits provided (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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

**Employees covered by benefit terms**

At June 30, 2016, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	142,331
Active plan members	<u>223,747</u>
Total	<u><u>366,078</u></u>

**Total Nonemployer OPEB Liability**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified returned PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).



Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Post-Retirement Benefits (Continued)

Actuarial assumptions and other imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.5%
Salary Increases through 2026	PERS 2.15%-4.15%
	PFRS 2.1%-8.98%
	TPAF 1.55%-4.55%
Salary Increases after 2026	PERS 3.15%-5.15%
	PFRS 3.1%-9.98%
	TPAF 2.0%-5.45%
Discount Rate	3.58%
Healthcare Cost Trend Rates	4.5%-5.9%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

Preretirement mortality rates were based on the RP-2014 Headcount-weighted Healthy Employee Male/Female Mortality Table with Fully Generational Mortality Improvement projections from the central year using Scale MP-2017. Postretirement mortality rates were based on the RP-2014 Headcount-weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. The disabled mortality was based on the RP-2014 Headcount-weighted Male/Female mortality table with fully generational improvement projects from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for PERS-June 30, 2014; TPAF-June 30, 2015 and PFRS-June 30, 2013.

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Post-Retirement Benefits (Continued)

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at June 30, 2016	\$ 57,831,784,184
Changes for the year:	
Service cost	2,391,878,884
Interest on the total OPEB liability	1,699,441,736
Changes in assumptions	(7,086,599,129)
Gross benefit payments by the state	(1,242,412,566)
Contributions from members	<u>45,748,749</u>
Net changes	<u>(4,191,942,326)</u>
Balance at June 30, 2017	<u>\$ 53,639,841,858</u>

Discount rate

The discount rate was 2.85% percent in 2016 and 3.58% percent in 2017. This represents the municipal bond rate chosen by the State of New Jersey Division of Pension and Benefits. The source is 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.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the June 30, 2017 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
Total OPEB Liability of the State for School Retirees	\$63,674,362,200	\$53,639,841,858	\$45,680,364,953
Total OPEB Liability of the State Associated with the School District for School Retirees	\$227,765,516	\$191,871,678	\$163,400,339

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Post-Retirement Benefits (Continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the June 30, 2017 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability of the State for School Retirees	\$44,113,584,560	\$53,639,841,858	\$66,290,599,457
Total OPEB Liability of the State Associated with the School District for School Retirees	\$157,795,268	\$191,871,678	\$237,123,903

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$10,492,568 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the Manalapan-Englishtown Regional School District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Post-Retirement Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (cont'd)

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		
Changes of assumptions	\$ -	\$ 6,343,769,032
Contributions made in fiscal year ending 2018 after June 30, 2017 measurement date	<u>1,190,373,242</u>	<u>-</u>
Total	<u>\$ 1,190,373,242</u>	<u>\$ 6,343,769,032</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	<u>(2,629,618,547)</u>
Total	<u>\$ (6,343,769,032)</u>

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**11. Compensated Absences**

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

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

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

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

**12. Deferred Compensation**

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

Lincoln Investment Planning, Inc.  
AXA/Equitable

**13. Risk Management**

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

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**13. Risk Management (Continued)**

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

District Financial Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2017-2018	\$ 65	80,933	70,469	\$ 702,472
2016-2017	64	80,933	60,121	691,943
2015-2016	\$ 70	79,376	115,114	\$ 672,558

**14. Interfund Balances and Activity**

The following interfund balances remained on the balance sheet at June 30, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 113,886	\$ -
Special Revenue Fund	-	113,872
Capital Projects Fund	-	-
Debt Service Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	-	14
	<u>\$ 113,886</u>	<u>\$ 113,886</u>

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

**15. Inventory**

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$ 7,335
Supplies	6,577
Commodities	<u>5,320</u>
	<u>\$ 19,232</u>

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

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**16. Contingent Liabilities**

Grant Programs

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

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

**17. Fund Balances**

General Fund - Of the \$12,377,077 General Fund balance at June 30, 2018, \$848,569 of encumbrances is assigned to other purposes, \$3,902,873 is restricted for excess surplus, \$2,500,000 is restricted for excess surplus designated for subsequent year's expenditures, \$1,373,621 is assigned to offset 2017-18 general fund expenditures, \$1,187,944 is restricted for capital reserve, \$2,210,796 is restricted for maintenance reserve, and \$353,274 is unreserved and undesignated.

**18. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$3,902,873.

**19. Uncertain Tax Positions**

The school district had no unrecognized tax benefits at June 30, 2018. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2015.

**20. Subsequent Events**

Management has evaluated subsequent events through January 31, 2019, the date the financial statements were available to be issued.

Manalapan-Englishtown Regional School District

Notes to Financial Statements

For the Year Ended June 30, 2018

**21. Tax Abatement**

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



REQUIRED SUPPLEMENTARY INFORMATION - PART II

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 60,996,055	\$ -	\$ 60,996,055	\$ 60,996,055	\$ -
Tuition from individuals	-	-	-	9,843	9,843
Tuition from governmental sources	-	-	-	9,430	9,430
Tuition from other sources	-	-	-	4,335	4,335
Interest on investments	-	-	-	1,623	1,623
Interest earned on capital reserve funds	-	-	-	8,498	8,498
Miscellaneous	346,840	-	346,840	430,974	84,134
<b>Total - local sources</b>	<b>61,342,895</b>	<b>-</b>	<b>61,342,895</b>	<b>61,460,758</b>	<b>117,863</b>
State sources:					
Equalization aid	12,610,419	-	12,610,419	12,610,419	-
Transportation aid	2,122,959	-	2,122,959	2,122,959	-
Special education aid	3,077,364	-	3,077,364	3,077,364	-
Security aid	403,710	-	403,710	403,710	-
Adjustment aid	1,476,768	(396,742)	1,080,026	1,080,026	-
Extraordinary aid	350,000	-	350,000	593,731	243,731
Other state aid	145,880	-	145,880	182,481	36,601
TPAF - Post Retirement Medical (On-Behalf-Non-Budgeted)	-	-	-	3,187,644	3,187,644
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	4,935,360	4,935,360
TPAF - LTDI (on-behalf - Non-budgeted)	-	-	-	6,300	6,300
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,363,264	2,363,264
<b>Total state sources</b>	<b>20,187,100</b>	<b>(396,742)</b>	<b>19,790,358</b>	<b>30,563,258</b>	<b>10,772,900</b>
Federal Sources					
Medicaid Reimbursement	41,721	-	41,721	58,321	16,600
<b>Total - Federal Sources</b>	<b>41,721</b>	<b>-</b>	<b>41,721</b>	<b>58,321</b>	<b>16,600</b>
<b>Total revenues</b>	<b>81,571,716</b>	<b>(396,742)</b>	<b>81,174,974</b>	<b>92,082,337</b>	<b>10,907,363</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Preschool/Kindergarten - Salaries of teachers	2,164,855	(159,000)	2,005,855	1,908,929	96,926
Grades 1-5 - Salaries of teachers	11,743,058	(194,200)	11,548,858	11,186,672	362,186
Grades 6-8 - Salaries of teachers	8,178,910	(153,250)	8,025,660	7,451,037	574,623
Unused sick pay	-	630	630	630	-
<b>Regular Programs - Home Instruction:</b>					
Salaries of teachers	40,000	26,315	66,315	65,921	394
Purchased professional-educational services	5,000	3,685	8,685	8,333	352
<b>Regular Programs - Undistributed Instruction</b>					
Other salaries for instruction	26,992	2,000	28,992	27,618	1,374
Purchased professional-educational services	2,000	124	2,124	2,124	-
Other purchased services (400-500 series)	433,720	57,522	491,242	452,704	38,538
General supplies	1,238,226	421,344	1,659,570	1,385,253	274,317
Textbooks	495,950	(337,204)	158,746	10,631	148,115
Other objects	54,945	37	54,982	24,508	30,474
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>24,383,656</b>	<b>(331,997)</b>	<b>24,051,659</b>	<b>22,524,360</b>	<b>1,527,299</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of teachers	329,223	(44,000)	285,223	282,926	2,297
Other salaries for instruction	304,025	(23,650)	280,375	264,635	15,740
Other purchased services (400-500 series)	500	(150)	350	-	350
General supplies	7,500	-	7,500	6,029	1,471
<b>Total Learning and/or Language Disabilities</b>	<b>641,248</b>	<b>(67,800)</b>	<b>573,448</b>	<b>553,590</b>	<b>19,858</b>
<b>Multiple Disabilities:</b>					
Salaries of teachers	666,245	(151,000)	515,245	500,591	14,654
Other salaries for instruction	320,875	(6,950)	313,925	290,915	23,010
Other purchased services	1,000	(200)	800	-	800
General supplies	2,250	-	2,250	1,237	1,013
Other objects	9,000	-	9,000	550	8,450
<b>Total Multiple Disabilities</b>	<b>999,370</b>	<b>(158,150)</b>	<b>841,220</b>	<b>793,293</b>	<b>47,927</b>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Resource Room/Resource Center:</b>					
Salaries of teachers	\$ 5,020,490	\$ 60,900	\$ 5,081,390	\$ 4,984,806	\$ 96,584
Other salaries for instruction	481,975	45,490	527,465	526,762	703
Unused sick pay	-	1,540	1,540	1,539	1
Other purchased services (400-500 series)	-	160	160	160	-
General supplies	2,500	-	2,500	2,140	360
<b>Total Resource Room/Resource Center</b>	<u>5,504,965</u>	<u>108,090</u>	<u>5,613,055</u>	<u>5,515,407</u>	<u>97,648</u>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of teachers	268,850	10	268,860	261,358	7,502
Other salaries for instruction	89,773	23,690	113,463	88,872	24,591
General supplies	1,500	-	1,500	-	1,500
<b>Total Preschool Disabilities - Part-Time:</b>	<u>360,123</u>	<u>23,700</u>	<u>383,823</u>	<u>350,230</u>	<u>33,593</u>
<b>Preschool Disabilities - Full-Time:</b>					
Salaries of teachers	328,110	(15,000)	313,110	308,558	4,552
Other salaries for instruction	235,200	22,500	257,700	256,387	1,313
Unused sick pay	-	6,390	6,390	6,390	-
Purchased educational services	63,500	52,000	115,500	109,710	5,790
General supplies	2,000	-	2,000	139	1,861
<b>Total Preschool Disabilities - Full-Time:</b>	<u>628,810</u>	<u>65,890</u>	<u>694,700</u>	<u>681,184</u>	<u>13,516</u>
<b>Home Instruction</b>					
Salaries of teachers	5,000	-	5,000	-	5,000
Purchased professional-educational services	10,000	-	10,000	3,640	6,360
<b>Total Home Instruction</b>	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>3,640</u>	<u>11,360</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>8,149,516</u>	<u>(28,270)</u>	<u>8,121,246</u>	<u>7,897,344</u>	<u>223,902</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of teachers	1,706,525	100,000	1,806,525	1,794,807	11,718
General supplies	3,500	28	3,528	3,118	410
<b>Total Basic Skills/Remedial - Instruction</b>	<u>1,710,025</u>	<u>100,028</u>	<u>1,810,053</u>	<u>1,797,925</u>	<u>12,128</u>
<b>Bilingual Education - Instruction</b>					
Salaries of teachers	364,950	15,000	379,950	359,072	20,878
Other purchased services (400-500 series)	1,200	-	1,200	-	1,200
General supplies	1,300	-	1,300	421	879
<b>Total Bilingual Education - Instruction</b>	<u>367,450</u>	<u>15,000</u>	<u>382,450</u>	<u>359,493</u>	<u>22,957</u>
<b>School-Spon. Cocurricular Actvts. - Instruction</b>					
Salaries	180,000	-	180,000	171,084	8,916
Purchased services (300-500 series)	8,500	8,855	17,355	11,731	5,624
Supplies and materials	6,000	-	6,000	1,966	4,034
Other objects	3,500	-	3,500	428	3,072
<b>Total School-Spon. Cocurric. Actvts. - Instruction</b>	<u>198,000</u>	<u>8,855</u>	<u>206,855</u>	<u>185,209</u>	<u>21,646</u>
<b>School-Spon. Athletics - Instruction</b>					
Salaries	120,000	-	120,000	110,241	9,759
Purchased services (300-500 series)	13,000	-	13,000	9,660	3,340
Supplies and materials	14,000	-	14,000	13,957	43
Other objects	4,000	-	4,000	3,187	813
<b>Total School-Spon. Athletics - Instruction</b>	<u>151,000</u>	<u>-</u>	<u>151,000</u>	<u>137,045</u>	<u>13,955</u>
<b>Total Instruction</b>	<u>34,959,647</u>	<u>(236,384)</u>	<u>34,723,263</u>	<u>32,901,376</u>	<u>1,821,887</u>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to other LEAs within the state - Special	354,188	185,000	539,188	533,827	5,361
Tuition to CSSD & Regional Day Schools	238,820	-	238,820	205,711	33,109
Tuition to Private Schools for the Disabled - Within State	735,654	-	735,654	674,537	61,117
Tuition - Other	347,490	(35,000)	312,490	119,365	193,125
<b>Total Undistributed Expenditures - Instruction</b>	<u>1,676,152</u>	<u>150,000</u>	<u>1,826,152</u>	<u>1,533,440</u>	<u>292,712</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	\$ 805,810	\$ (25)	\$ 805,785	\$ 762,544	\$ 43,241
Purchased professional and technical services	24,500	(4,000)	20,500	17,032	3,468
Other purchased services (400-500 series)	15,000	-	15,000	4,450	10,550
Supplies and materials	22,000	5,024	27,024	25,507	1,517
Other objects	2,500	-	2,500	296	2,204
<b>Total Undistributed Expenditures - Health Services</b>	<u>869,810</u>	<u>999</u>	<u>870,809</u>	<u>809,829</u>	<u>60,980</u>
<b>Undist. Expend. - Speech, OT, PT &amp; Related Services</b>					
Salaries of other professional staff	1,309,416	1,000	1,310,416	1,281,794	28,622
Purchased professional - educational services	160,500	(34,000)	126,500	96,260	30,240
Supplies and materials	3,000	-	3,000	2,970	30
Unused sick pay	-	765	765	765	-
<b>Total Undist. Expend. - Speech, OT, PT &amp; Related Services</b>	<u>1,472,916</u>	<u>(32,235)</u>	<u>1,440,681</u>	<u>1,381,789</u>	<u>58,892</u>
<b>Undist. Expend. - Other Supp. Services - Stud. - Extraord. Ser.</b>					
Salaries	868,900	5,600	874,500	867,199	7,301
Unused sick pay	-	610	610	608	2
Purchased professional - educational services	272,300	246,400	518,700	406,596	112,104
Supplies and materials	21,500	63	21,563	16,833	4,730
<b>Total Undist. Expend. - Other Supp. Serv. Stud. - Extraord. Ser.</b>	<u>1,162,700</u>	<u>252,673</u>	<u>1,415,373</u>	<u>1,291,236</u>	<u>124,137</u>
<b>Undist. Expend. - Guidance</b>					
Salaries of other professional staff	591,150	26,775	617,925	578,514	39,411
Salaries of secretarial and clerical assistants	39,500	225	39,725	39,181	544
Other salaries	2,000	-	2,000	-	2,000
Purchased professional - educational services	6,000	-	6,000	5,195	805
Other purchased services (400-500 series)	60,000	2,500	62,500	61,318	1,182
Supplies and materials	36,000	(4,952)	31,048	6,330	24,718
<b>Total Undist. Expend. - Guidance</b>	<u>734,650</u>	<u>24,548</u>	<u>759,198</u>	<u>690,538</u>	<u>68,660</u>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of other professional staff	1,405,620	29,000	1,434,620	1,415,942	18,678
Salaries of secretarial and clerical assistants	156,100	6,500	162,600	147,510	15,090
Other salaries	4,500	2,000	6,500	4,499	2,001
Purchased professional - educational services	3,500	-	3,500	3,200	300
Other purchased professional and technical services	45,000	(4,709)	40,291	35,226	5,065
Other purchased service	450	-	450	206	244
Supplies and materials	5,750	(50)	5,700	4,634	1,066
Other objects	500	50	550	550	-
<b>Total Undist. Expend. - Child Study Teams</b>	<u>1,621,420</u>	<u>32,791</u>	<u>1,654,211</u>	<u>1,611,767</u>	<u>42,444</u>
<b>Undist. Expend. - Improvement of Instruction Services</b>					
Salaries of supervisor of instruction	204,570	50,824	255,394	254,893	501
Salaries of other professional staff	279,275	18,101	297,376	285,305	12,071
Salaries of secretarial and clerical assist.	17,760	(250)	17,510	13,868	3,642
Other salaries	-	250	250	207	43
Unused sick pay	-	6,000	6,000	6,000	-
Purchased professional - educational services	6,250	34,792	41,042	21,597	19,445
Other purchased professional and technical services	5,200	-	5,200	-	5,200
Other purchased services (400-500)	5,500	1,008	6,508	4,549	1,959
Supplies and materials	1,500	3,224	4,724	3,223	1,501
Other objects	4,000	900	4,900	4,797	103
<b>Total Undist. Expend. - Improvement of Instruction Services</b>	<u>524,055</u>	<u>114,849</u>	<u>638,904</u>	<u>594,439</u>	<u>44,465</u>
<b>Undist. Expend. - Educational Media Services/School Library</b>					
Salaries	1,096,710	2,000	1,098,710	1,096,197	2,513
Supplies and materials	46,000	(1,852)	44,148	42,182	1,966
Other objects	14,000	-	14,000	13,134	866
<b>Total Undist. Expend. - Ed. Media Services/School Library</b>	<u>1,156,710</u>	<u>148</u>	<u>1,156,858</u>	<u>1,151,513</u>	<u>5,345</u>
<b>Undist. Expend. - Instruction Staff Training Services</b>					
Salaries of supervisors of instruction	265,055	33,880	298,935	288,601	10,334
Salaries of other professional staff	34,800	525	35,325	32,360	2,965
Salaries of secretarial & clerical assist.	26,635	(1,325)	25,310	20,803	4,507
Unused sick pay	-	9,000	9,000	9,000	-
Purchased professional - educational services	70,400	6,800	77,200	46,400	30,800
Other purchased services (400-500 series)	19,500	7,450	26,950	16,445	10,505
Supplies and materials	8,000	3,480	11,480	5,560	5,920
Other objects	600	200	800	79	721
<b>Total Undist. Expend. - Instruction Staff Training Services</b>	<u>424,990</u>	<u>60,010</u>	<u>485,000</u>	<u>419,248</u>	<u>65,752</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undist. Expend. - Support Service - General Administration</b>					
Salaries	\$ 239,700	\$ 13,000	\$ 252,700	\$ 251,654	\$ 1,046
Unused sick pay	-	15,000	15,000	15,000	-
Legal services	100,000	(15,500)	84,500	60,255	24,245
Audit fees	45,000	-	45,000	40,000	5,000
Architectural/Engineering Services	60,000	56,503	116,503	25,991	90,512
Other purchased professional services	50,000	(4,200)	45,800	36,000	9,800
Purchased technical services	-	9,000	9,000	9,000	-
Communications/Telephone	336,000	(75,500)	260,500	216,044	44,456
BOE other purchased services	5,000	-	5,000	1,521	3,479
Misc purchased services (400-500 series)	42,100	34,700	76,800	66,745	10,055
General supplies	5,000	-	5,000	2,136	2,864
BOE In-House Training/Meeting Supplies	4,000	-	4,000	1,705	2,295
Judgements against the School District	40,000	276,165	316,165	308,316	7,849
Miscellaneous expenditures	5,250	-	5,250	3,810	1,440
Membership Dues and Fees	28,000	-	28,000	26,737	1,263
<b>Total Undist. Expend. - Support Service - Gen. Admin.</b>	<b>960,050</b>	<b>309,168</b>	<b>1,269,218</b>	<b>1,064,914</b>	<b>204,304</b>
<b>Undist. Expend. - Support Service - School Administration</b>					
Salaries of principals/Assistant principals	2,098,550	14,890	2,113,440	2,104,363	9,077
Salaries of other professional staff	365,475	(48,740)	316,735	287,840	28,895
Salaries of secretarial and clerical assistants	865,720	10	865,730	850,571	15,159
Unused vacation pay	-	24,140	24,140	24,136	4
Purchased professional and technical services	-	150	150	150	-
Unused sick pay	-	1,425	1,425	1,425	-
Other purchased services (400-500 series)	41,250	(500)	40,750	28,019	12,731
Supplies and materials	78,180	3,318	81,498	74,740	6,758
Other objects	21,900	(200)	21,700	16,304	5,396
<b>Total Undist. Expend. - Support Service - School Admin.</b>	<b>3,471,075</b>	<b>(5,507)</b>	<b>3,465,568</b>	<b>3,387,548</b>	<b>78,020</b>
<b>Undist. Expend. - Support Service - Central Services</b>					
Salaries	905,550	(6,500)	899,050	864,880	34,170
Unused vacation pay	-	16,925	16,925	16,722	203
Unused sick pay	-	15,000	15,000	15,000	-
Purchased professional services	90,000	1,500	91,500	30,198	61,302
Purchased technical services	248,600	42,000	290,600	142,100	148,500
Other purchased services (400-500 series)	114,000	(2,220)	111,780	71,618	40,162
Other objects	6,950	2,000	8,950	7,414	1,536
Supplies and materials	35,500	(210)	35,290	21,595	13,695
<b>Total Undist. Expend. - Support Service - Central Services</b>	<b>1,400,600</b>	<b>68,495</b>	<b>1,469,095</b>	<b>1,169,527</b>	<b>299,568</b>
<b>Undist. Expend. - Support Service - Admin. Information Tech.</b>					
Salaries	206,450	-	206,450	203,350	3,100
Unused sick pay	-	15,000	15,000	15,000	-
Purchased technical services	348,365	(57,632)	290,733	290,733	-
Other purchased services	14,200	33,959	48,159	47,122	1,037
Supplies and materials	6,100	(3,319)	2,781	2,781	-
Other objects	1,300	(1,300)	-	-	-
<b>Total Undist. Expend. - Support Service - Admin. Info. Tech.</b>	<b>576,415</b>	<b>(13,292)</b>	<b>563,123</b>	<b>558,986</b>	<b>4,137</b>
<b>Undist. Expend. - Required Maintenance for School Facilities</b>					
Cleaning, repair and maintenance services	1,100,000	278,142	1,378,142	1,068,503	309,639
General supplies	160,000	18,577	178,577	152,348	26,229
Other objects	10,000	-	10,000	6,978	3,022
<b>Total Undist. Expend. - Required Maint. for School Facilities</b>	<b>1,270,000</b>	<b>296,719</b>	<b>1,566,719</b>	<b>1,227,829</b>	<b>338,890</b>
<b>Undist. Expend. - Custodial services</b>					
Salaries	3,552,150	(11,000)	3,541,150	3,295,662	245,488
Salaries of Non-instructional Aides	315,600	19,500	335,100	334,711	389
Unused vacation pay	-	11,470	11,470	11,470	-
Unused sick pay	-	16,460	16,460	7,250	9,210
Purchased professional and technical services	20,000	10,152	30,152	22,131	8,021
Cleaning, repair and maintenance services	295,200	8,659	303,859	293,195	10,664
Other purchased property services	160,000	(5,000)	155,000	146,380	8,620
Insurance	462,500	(27,100)	435,400	401,288	34,112
Miscellaneous purchased services	3,000	-	3,000	591	2,409
General supplies	310,000	(6,881)	303,119	282,121	20,998
Energy - Natural gas	625,000	(2,000)	623,000	339,830	283,170
Energy - Electricity	1,250,000	(156,565)	1,093,435	888,227	205,208
Energy - Gasoline	1,000	-	1,000	-	1,000
Other objects	13,800	22,586	36,386	33,322	3,064
<b>Total Undist. Expend. - Custodial Services</b>	<b>7,008,250</b>	<b>(119,719)</b>	<b>6,888,531</b>	<b>6,056,178</b>	<b>832,353</b>
<b>Undistributed Expenditures - Care and Upkeep of Grounds</b>					
Salaries	280,770	(11,600)	269,170	255,768	13,402
Cleaning, Repair, and Maintenance Services	220,000	27,470	247,470	242,068	5,402
General Supplies	80,000	(7,005)	72,995	63,424	9,571
Other Objects	10,500	-	10,500	1,227	9,273
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>591,270</b>	<b>8,865</b>	<b>600,135</b>	<b>562,487</b>	<b>37,648</b>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undistributed Expenditures - Security</b>					
Salaries	\$ 56,125	\$ (50)	\$ 56,075	\$ 54,535	\$ 1,540
Unused vacation pay	-	2,500	2,500	2,479	21
Purchased Professional & Technical Services	65,500	12,050	77,550	76,575	975
Cleaning, Repair, and Maintenance Services	72,500	29,716	102,216	99,715	2,501
General Supplies	4,000	3,430	7,430	7,053	377
Other Objects	17,000	(9,160)	7,840	1,711	6,129
<b>Total Undistributed Expenditures - Security</b>	<u>215,125</u>	<u>38,486</u>	<u>253,611</u>	<u>242,068</u>	<u>11,543</u>
<b>Undist. Expend. - Student Transportation Services</b>					
Salaries of Non-instructional Aides	428,650	(73,056)	355,594	321,126	34,468
Salaries for pupil transp.(between home and school) - Regular	1,964,050	265,000	2,229,050	2,188,737	40,313
Salaries for pupil transp.(between home and school) - Special	655,150	(267,000)	388,150	270,993	117,157
Salaries for pupil transp.(other than between home and school)	17,500	2,000	19,500	19,378	122
Unused vacation pay	-	10,825	10,825	10,763	62
Social security contributions	250,000	-	250,000	207,144	42,856
Workers compensation	225,000	(25,000)	200,000	86,052	113,948
Health benefits	2,075,000	-	2,075,000	2,075,000	-
Unused sick pay	-	3,960	3,960	3,955	5
Other purchased professional and technical services	35,000	95,056	130,056	112,823	17,233
Cleaning, repair and maintenance services	125,000	-	125,000	92,111	32,889
Lease purchase payments - School buses	250,000	(20,000)	230,000	205,215	24,785
Contract services (bet. home & sch) - Vendors	-	11,800	11,800	9,542	2,258
Contract services (other than between home & school) - Vendors	30,000	-	30,000	-	30,000
Contract services - Aid in Lieu of Payment for NP school students	110,000	19,750	129,750	112,042	17,708
Contract services - Aid in Lieu of Payment - Choice Schools	2,000	250	2,250	1,000	1,250
Contract services (Between Home and School) - Joint agreements	50,000	-	50,000	45,179	4,821
Contract services (Sp Ed Stds) - Joint agreements	1,000,000	-	1,000,000	995,974	4,026
Contract services - (regular education students) - ESCs & CTSA's	100,000	-	100,000	95,526	4,474
Miscellaneous purchased services - Transportation	100,000	(2,300)	97,700	90,538	7,162
General supplies	12,000	2,781	14,781	13,293	1,488
Transportation Supplies	800,000	(55,841)	744,159	504,269	239,890
Other objects	5,000	307	5,307	5,250	57
<b>Total Undist. Expend. - Student Transportation Services</b>	<u>8,234,350</u>	<u>(31,468)</u>	<u>8,202,882</u>	<u>7,465,910</u>	<u>736,972</u>
<b>UNALLOCATED EMPLOYEE BENEFITS</b>					
Group insurance	6,000	5,500	11,500	9,827	1,673
Social security contributions	950,000	(2,500)	947,500	907,607	39,893
Other Retirement Contributions - PERS	1,825,000	(73,000)	1,752,000	1,487,427	264,573
Unemployment Compensation	125,000	-	125,000	-	125,000
Workmen's compensation	250,000	25,000	275,000	249,612	25,388
Health benefits	13,977,787	(160,000)	13,817,787	12,905,479	912,308
Tuition reimbursement	160,500	2,165	162,665	111,983	50,682
Other employee benefits	313,500	(157,640)	155,860	72,152	83,708
<b>TOTAL UNALLOCATED EMPLOYEE BENEFITS</b>	<u>17,607,787</u>	<u>(360,475)</u>	<u>17,247,312</u>	<u>15,744,087</u>	<u>1,503,225</u>
<b>ON-BEHALF CONTRIBUTIONS</b>					
On-behalf TPAF pension Contributions (non-budgeted)	-	-	-	4,935,360	(4,935,360)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib.(non-budgeted)	-	-	-	3,187,644	(3,187,644)
On-behalf TPAF - LTDI (Non-budgeted)	-	-	-	6,300	(6,300)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	2,363,264	(2,363,264)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,492,568</u>	<u>(10,492,568)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>17,607,787</u>	<u>(360,475)</u>	<u>17,247,312</u>	<u>26,236,655</u>	<u>(8,989,343)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>50,978,325</u>	<u>795,056</u>	<u>51,773,381</u>	<u>57,455,901</u>	<u>(5,682,520)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>85,937,972</u>	<u>558,671</u>	<u>86,496,643</u>	<u>90,357,277</u>	<u>(3,860,634)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs - Instruction:</b>					
Grades Pre-Sch	-	3,389	3,389	3,389	-
Grades 1-5	25,000	39,939	64,939	64,939	-
Grades 6-8	-	10,907	10,907	10,902	5
<b>Undistributed:</b>					
Undistributed expenditures - Central services	10,000	(7,789)	2,211	-	2,211
Undistributed expenditures - Admin Info Tech.	10,000	(10,000)	-	-	-
Undistributed expenditures - Custodial	50,700	(36)	50,664	50,664	-
Undistributed expenditures - Care and Upkeep of Grounds	40,600	(2,472)	38,128	38,125	3
Undistributed expenditures - Non-instr. Serv.	10,000	47,790	57,790	22,790	35,000
<b>Total Equipment</b>	<u>146,300</u>	<u>81,728</u>	<u>228,028</u>	<u>190,809</u>	<u>37,219</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Facilities Acquisition and Construction Services</b>					
Other Purchased Prof. & Tech. Serv.	\$ -	\$ 74,025	\$ 74,025	\$ 45,040	\$ 28,985
Construction Services	865,000	941,372	1,806,372	1,543,829	262,543
Other Objects	-	10,000	10,000	-	10,000
Assessment for Debt Service on SDA	121,616	-	121,616	121,616	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>986,616</u>	<u>1,025,397</u>	<u>2,012,013</u>	<u>1,710,485</u>	<u>301,528</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>1,132,916</u>	<u>1,107,125</u>	<u>2,240,041</u>	<u>1,901,294</u>	<u>338,747</u>
Transfer of Funds to Charter Schools	60,000	-	60,000	31,455	28,545
<b>TOTAL EXPENDITURES</b>	<u>87,130,888</u>	<u>1,665,796</u>	<u>88,796,684</u>	<u>92,290,026</u>	<u>(3,493,342)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(5,559,172)</u>	<u>(2,062,538)</u>	<u>(7,621,710)</u>	<u>(207,689)</u>	<u>7,414,021</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(5,559,172)</u>	<u>(2,062,538)</u>	<u>(7,621,710)</u>	<u>(207,689)</u>	<u>7,414,021</u>
<b>Fund Balance, July 1</b>	14,497,773	-	14,497,773	14,497,773	-
<b>Fund Balance, June 30</b>	<u>\$ 8,938,601</u>	<u>\$ (2,062,538)</u>	<u>\$ 6,876,063</u>	<u>14,290,084</u>	<u>\$ 7,414,021</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital reserve				1,187,944	
Maintenance reserve				2,210,796	
Excess surplus - current year				3,902,873	
Excess surplus - designated for subsequent year's expenditures				2,500,000	
<b>Assigned Fund Balance:</b>					
Year-end encumbrances				848,569	
Designated for subsequent year's expenditures				1,373,621	
<b>Unassigned fund balance</b>				<u>\$ 2,266,281</u>	
<b>Reconciliation to governmental funds statements (GAAP)</b>					
Fund balance per governmental funds (Budgetary)				\$ 14,290,084	
Last state aid payment not recognized on GAAP basis				(1,913,007)	
<b>Fund balance per governmental funds (GAAP) - B-1</b>				<u>\$ 12,377,077</u>	
Restricted fund balances				\$ 11,175,234	
Unrestricted fund balances				1,201,843	
<b>Fund balance per governmental funds (GAAP) - B-1</b>				<u>\$ 12,377,077</u>	

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local sources	\$ -	\$ 219,563	\$ 219,563	\$ 144,744	\$ (74,819)
State sources	13,597	8,100	21,697	7,257	(14,440)
Federal sources	1,453,049	200,470	1,653,519	1,575,767	(77,752)
<b>Total Revenues</b>	<u>1,466,646</u>	<u>428,133</u>	<u>1,894,779</u>	<u>1,727,768</u>	<u>(167,011)</u>
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Salaries of teachers	1,387,157	(1,007,569)	379,588	370,018	9,570
Purchased professional services	-	45,138	45,138	27,061	18,077
Textbooks	2,596	746	3,342	531	2,811
Tuition	-	926,224	926,224	914,854	11,370
Miscellaneous expense	-	2,700	2,700	2,220	480
General supplies	1,171	220,158	221,329	148,030	73,299
<b>Total instruction</b>	<u>1,390,924</u>	<u>187,397</u>	<u>1,578,321</u>	<u>1,462,714</u>	<u>115,607</u>
<b>Support services:</b>					
Other professional staff salaries	65,892	(2,534)	63,358	52,939	10,419
Personal services - employee benefits	-	68,001	68,001	63,267	4,734
Purchased professional - educational services	2,572	75,607	78,179	64,718	13,461
Purchased technical services	4,666	6,750	11,416	6,303	5,113
Travel	-	59,026	59,026	45,287	13,739
Supplies & materials	2,592	7,261	9,853	5,915	3,938
<b>Total support services</b>	<u>75,722</u>	<u>214,111</u>	<u>289,833</u>	<u>238,429</u>	<u>51,404</u>
<b>Facilities acquisition and const. serv.:</b>					
Instructional equipment	-	26,625	26,625	26,625	-
<b>Total facilities acquisition and const. serv.</b>	<u>-</u>	<u>26,625</u>	<u>26,625</u>	<u>26,625</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,466,646</u>	<u>428,133</u>	<u>1,894,779</u>	<u>1,727,768</u>	<u>167,011</u>
<b>Excess (deficiency) of revenues Over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2018**

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

	General Fund		Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 92,082,337	[C-2]	\$ 1,727,768
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-		(511)
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(4,935,360)		
The 2016-17 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense.	1,952,973		-
The 2017-18 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense.	(1,913,007)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 87,186,943	[B-2]	\$ 1,727,257
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 92,290,026	[C-2]	\$ 1,727,768
Differences - budget to GAAP:			
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(4,935,360)		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-		(511)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 87,354,666	[B-2]	\$ 1,727,257

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of Net Pension Liability-PERS**  
**For the Fiscal Year Ended June 30, 2018**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability	0.1587539904%	0.1585112960%	0.1666900955%	0.1588287779%
District's proportionate share of the net pension liability	\$ 31,097,380	\$ 49,368,825	\$ 49,368,825	\$ 36,972,601
District's covered-employee payroll	12,521,737	10,892,044	9,832,578	9,817,852
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	248.35%	453.26%	502.09%	376.59%
Plan fiduciary net position as a percentage of the total pension liability	67.89%	61.84%	45.35%	58.18%

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

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

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District Contributions-PERS**  
**For the Fiscal Year Ended June 30, 2018**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contributions	\$ 1,308,745	\$ 1,374,291	\$ 1,489,636	\$ 1,487,427
Contributions in relation to the contractually required contribution	<u>1,308,745</u>	<u>1,489,636</u>	<u>1,489,636</u>	<u>1,487,427</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (115,345)</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ -	\$ 12,521,737	\$ 10,892,044	\$ 9,832,578
Contributions as a percentage of covered-employee payroll	0.00%	10.98%	13.68%	15.13%

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

**MANALAPN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of Net Pension Liability-TPAF**  
**For the Fiscal Year Ended June 30, 2018**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability	0.3077796387%	0.3268186055%	0.3170383423%	0.3217349288%
District's proportionate share of the net pension liability	\$ 164,498,200	\$ 206,563,315	\$ 249,402,546	\$ 216,925,290
District's covered-employee payroll	33,113,319	33,711,862	34,199,757	34,806,395
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	496.77%	612.73%	729.25%	623.23%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%

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

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

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

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**For the Fiscal Year Ended June 30, 2018**  
**(Unaudited)**

Last 10 Fiscal Years\*

	2018
Total OPEB liability	
Service cost	\$ 8,180,454
Interest cost	6,070,034
Changes in assumptions	(25,026,705)
Member contributions	163,645
Gross benefit payments	(4,444,155)
Net change in total OPEB liability	(15,056,727)
Total OPEB liability - beginning	206,928,405
Total OPEB liability - ending	\$ 191,871,678
District's covered employee payroll	\$ 49,860,884
Total OPEB liability as a percentage of covered employee payroll	385%

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

Manalapan-Englishtown Regional School District  
Notes to Required Supplementary Information - Part III  
For the Year Ended June 30, 2018

**Notes for TPAF Pension Schedules**

Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25 %
Salary increases: 2012-2021	1.65 - 4.15 % based on age
Thereafter	2.65 - 5.15 % based on age
Investment rate of return	7.00 %

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

The actuarial assumptions used in the July 1, 2016 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.

**Notes to OPEB Schedule**

Benefit changes: None

Changes in assumptions: The increase in the liability from June 30, 2015 to June 30, 2016 is due to the decrease in the assumed discount rate from 3.8% as of June 30, 2015 to 2.85% as of June 30, 2016. The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

## OTHER SUPPLEMENTARY INFORMATION



D. School Based Budget Schedules  
Not Applicable

## E. Special Revenue Fund

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Title I Part A 17/18</u>	<u>Title II Part A 17/18</u>	<u>Title III 17/18</u>	<u>Title IV 17/18</u>	<u>IDEA-Part B-Basic Reg Prog 17/18</u>
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	<u>253,496</u>	<u>61,875</u>	<u>10,448</u>	<u>6,850</u>	<u>1,182,632</u>
<b>Total revenues</b>	<u><u>253,496</u></u>	<u><u>61,875</u></u>	<u><u>10,448</u></u>	<u><u>6,850</u></u>	<u><u>1,182,632</u></u>
Expenditures:					
Instruction:					
Salaries of teachers	190,532	-	-	-	179,486
Purchased professional services	7,752	-	-	6,850	4,889
General supplies	-	-	7,827	-	28,803
Tuition	-	-	-	-	914,854
Textbooks	-	-	-	-	-
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total instruction</b>	<u>198,284</u>	<u>-</u>	<u>7,827</u>	<u>6,850</u>	<u>1,128,032</u>
Support services:					
Other support services - students - special:					
Other professional staff salaries	621	21,729	1,251	-	29,338
Purchased professional services	-	5,870	-	-	-
Purchased technical services	-	-	-	-	3,983
Employee benefits	54,591	-	-	-	8,676
Travel	-	31,314	1,370	-	12,603
General supplies	-	2,962	-	-	-
Purchased prof.-educ.services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other support services - students - special</b>	<u>55,212</u>	<u>61,875</u>	<u>2,621</u>	<u>-</u>	<u>54,600</u>
<b>Total expenditures</b>	<u><u>\$ 253,496</u></u>	<u><u>\$ 61,875</u></u>	<u><u>\$ 10,448</u></u>	<u><u>\$ 6,850</u></u>	<u><u>\$ 1,182,632</u></u>

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**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2018**

(Continued from prior page)

	IDEA-Part	Chapter 192/193 Nonpublic		
	B-Preschool Reg Prog 17/18	Classification 17/18	Speech 17/18	Instruction 17/18
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	60,466	-	-	-
<b>Total revenues</b>	<b>60,466</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Instruction:				
Salaries of teachers	-	-	-	-
Purchased professional services	-	-	-	-
General supplies	1,618	-	-	-
Tuition	-	-	-	-
Textbooks	-	-	-	-
Miscellaneous expenses	-	-	-	-
<b>Total instruction</b>	<b>1,618</b>	<b>-</b>	<b>-</b>	<b>-</b>
Support services:				
Other support services - students - special:				
Other professional staff salaries	-	-	-	-
Purchased professional services	58,848	-	-	-
Purchased technical services	-	-	-	-
Employee benefits	-	-	-	-
Travel	-	-	-	-
General supplies	-	-	-	-
Purchased prof.-educ.services	-	-	-	-
<b>Total other support services - students - special</b>	<b>58,848</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$ 60,466</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2018**

(Continued from prior page)

	Non-Public			
	Nursing 17/18	Security 17/18	Textbook 17/18	Technology 17/18
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	2,320	2,953	531	1,453
Federal sources	-	-	-	-
Total revenues	<u>2,320</u>	<u>2,953</u>	<u>531</u>	<u>1,453</u>
Expenditures:				
Instruction:				
Salaries of teachers	-	-	-	-
Purchased professional services	-	-	-	-
General supplies	-	-	-	1,453
Tuition	-	-	-	-
Textbooks	-	-	531	-
Miscellaneous expenses	-	-	-	-
Total instruction	<u>-</u>	<u>-</u>	<u>531</u>	<u>1,453</u>
Support services:				
Other support services - students - special:				
Other professional staff salaries	-	-	-	-
Purchased professional services	-	-	-	-
Purchased technical services	2,320	-	-	-
Employee benefits	-	-	-	-
Travel	-	-	-	-
General supplies	-	2,953	-	-
Purchased prof.-educ.services	-	-	-	-
Total expenditures	<u>\$ 2,320</u>	<u>\$ 2,953</u>	<u>\$ 531</u>	<u>\$ 1,453</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2018**

(Continued from prior page)

	<u>Target Take Charge of Education 17/18</u>	<u>Foundation for MERS 17/18</u>	<u>Other Local Grants 17/18</u>	<u>Total 2018</u>
<b>Revenues:</b>				
Local sources	\$ 15,743	\$ 65,548	\$ 63,453	\$ 144,744
State sources	-	-	-	7,257
Federal sources	-	-	-	1,575,767
<b>Total revenues</b>	<u>15,743</u>	<u>65,548</u>	<u>63,453</u>	<u>1,727,768</u>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Salaries of teachers	-	-	-	370,018
Purchased professional services	-	7,570	-	27,061
General supplies	15,743	31,113	61,473	148,030
Tuition	-	-	-	914,854
Textbooks	-	-	-	531
Miscellaneous expenses	-	240	1,980	2,220
<b>Total instruction</b>	<u>15,743</u>	<u>38,923</u>	<u>63,453</u>	<u>1,462,714</u>
<b>Support services:</b>				
<b>Other support services - students - special:</b>				
<b>Other professional</b>				
staff salaries	-	-	-	52,939
Purchased professional services	-	-	-	64,718
Purchased technical services	-	-	-	6,303
Employee benefits	-	-	-	63,267
Travel	-	-	-	45,287
General supplies	-	-	-	5,915
Purchased prof.-educ.services	-	-	-	-
<b>Total other support services - students - special</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,429</u>
<b>Equipment:</b>				
Regular programs instruction	-	26,625	-	26,625
<b>Total equipment</b>	<u>-</u>	<u>26,625</u>	<u>-</u>	<u>26,625</u>
<b>Total expenditures</b>	<u>\$ 15,743</u>	<u>\$ 65,548</u>	<u>\$ 63,453</u>	<u>\$ 1,727,768</u>

F. Capital Projects Fund  
Not Applicable

## G. Proprietary Funds



**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Enterprise Fund**  
**Combining Statement of Net Position**  
**June 30, 2018**

	<b>Food Service</b>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 934,773
Accounts receivable:	
State	2,060
Federal	27,662
Other	19,474
Inventories	19,232
Total current assets	1,003,201
Capital assets:	
Building improvements	192,533
Equipment	1,105,203
Accumulated depreciation	(1,100,289)
Total capital assets	197,447
<b>Total assets</b>	<b>\$ 1,200,648</b>
<b>Liabilities and Net Position:</b>	
Liabilities:	
Accounts payable	\$ 75,514
Unearned revenue	48,040
Total liabilities	123,554
Net position:	
Invested in capital assets, net of related debt	197,447
Unrestricted net position	879,647
Total net position	1,077,094
<b>Total liabilities and net position</b>	<b>\$ 1,200,648</b>

Exhibit G-2

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Food Services Enterprise Fund**  
**Combining Statement of Revenues, Expenses and**  
**Changes in Fund Net Position**  
**for the Fiscal Year ended June 30, 2018**

	<b>Food Service</b>
Operating revenues:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 993,389
Special functions	6,328
Total-daily sales-reimbursable programs	999,717
Daily sales non-reimbursable programs	672,430
Total operating revenues	1,672,147
 Operating expenses:	
Salaries	593,464
Employee benefits	234,046
Other purchased services	115,226
Repairs and maintenance	54,824
Supplies and materials	57,594
Depreciation	29,293
Cost of sales - reimbursable programs	692,312
Cost of sales - non-reimbursable programs	171,304
Total operating expenses	1,948,063
Operating loss	(275,916)
 Nonoperating revenues:	
State sources:	
State school lunch program	22,742
Federal sources:	
National school lunch program	315,804
Special milk program	77
U.S.D.A. commodities	121,988
Interest income	80
Total nonoperating revenues	460,691
 Change in net position	184,775
 Total net position beginning	892,319
 Total net position ending	\$ 1,077,094

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Food Services Enterprise Fund**  
**Combining Statement of Cash Flows**  
**for the Fiscal Year ended June 30, 2018**

	<b>Food Service</b>
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 1,670,623
Payments to employees	(529,814)
Payments for employee benefits	(234,046)
Payments to suppliers	(969,272)
Net cash used for operating activities	(62,509)
Cash Flows from Noncapital Financing Activities	
State sources	21,931
Federal sources	308,548
Net cash provided by noncapital financing activities	330,479
Cash Flows from Capital and Related Financing Activities	
Purchases of fixed assets	(20,300)
Net cash used for capital and related financing activities	(20,300)
Cash Flows from Investing Activities	
Interest on investments	80
Net cash provided by investing activities	80
Net increase in cash and cash equivalents	247,750
Balances-beginning of the year	687,023
Balances-end of the year	\$ 934,773
Reconciliation of operating loss to net cash provided by (used for) operating activities:	
Operating loss	\$ (275,916)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation	29,293
Federal commodities	121,988
Change in assets and liabilities:	
Increase in deferred revenue	16,411
Decrease in prepaid expense	-
Decrease in accounts receivable	(17,935)
Increase in inventory	8,451
Decrease in accounts payable	55,199
Total adjustments	213,407
Net cash used by operating activities	\$ (62,509)

## H. Fiduciary Funds

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Combining Statement of Agency Fund Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2018**

	Trust				Agency			
	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trust Fund	Student Activity	Payroll	Flex Spending	Total Agency
<b>ASSETS</b>								
Cash and cash equivalents	\$ 626,701	\$ 5,776	\$ 40,008	\$ 672,485	\$ 35,058	\$ 163,778	\$ 75,466	\$ 274,302
Other Accounts Receivable	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-
Intrafund receivable	81,668	-	-	81,668	-	-	-	-
Total assets	<u>708,369</u>	<u>5,776</u>	<u>40,008</u>	<u>754,153</u>	<u>35,058</u>	<u>163,778</u>	<u>75,466</u>	<u>274,302</u>
<b>LIABILITIES</b>								
Accounts payable	5,897	-	-	5,897	-	35,394	-	35,394
Payroll deductions and withholdings	-	-	-	-	-	46,702	75,466	122,168
Payable to student groups	-	-	-	-	35,058	-	-	35,058
Intrafund payable	-	-	-	-	-	81,668	-	81,668
Interfund payable	-	-	-	-	-	14	-	14
Total liabilities	<u>5,897</u>	<u>-</u>	<u>-</u>	<u>5,897</u>	<u>\$ 35,058</u>	<u>\$ 163,778</u>	<u>\$ 75,466</u>	<u>\$ 274,302</u>
<b>NET POSITION</b>								
Held in trust for unemployment claims and other purposes	702,472	-	40,008	742,480	-	-	-	-
Reserved for scholarships	-	5,776	-	5,776	-	-	-	-
Total net position	<u>702,472</u>	<u>5,776</u>	<u>40,008</u>	<u>748,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 708,369</u>	<u>\$ 5,776</u>	<u>\$ 40,008</u>	<u>\$ 754,153</u>	<u>\$ 35,058</u>	<u>\$ 163,778</u>	<u>\$ 75,466</u>	<u>\$ 274,302</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2018**

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Maintenance Contracts Trust	Total Trusts
<b>ADDITIONS</b>				
Contributions:				
Plan member	\$ 80,933	\$ -	\$ -	\$ 80,933
Other	-	1,650	-	1,650
Total Contributions	<u>80,933</u>	<u>1,650</u>	<u>-</u>	<u>82,583</u>
Investment earnings:				
Net increase (decrease) in fair value of investments	-	-	-	-
Interest	65	1	4	70
Dividends	-	-	-	-
Less investment expense	-	-	-	-
Net investment earnings	<u>65</u>	<u>1</u>	<u>4</u>	<u>70</u>
Total additions	<u>80,998</u>	<u>1,651</u>	<u>4</u>	<u>82,653</u>
<b>DEDUCTIONS</b>				
Quarterly contribution reports	-	-	-	-
Unemployment claims	70,469	-	-	70,469
Scholarships awarded	-	-	-	-
Refunds of contributions	-	-	-	-
Administrative expenses	-	-	-	-
Total deductions	<u>70,469</u>	<u>-</u>	<u>-</u>	<u>70,469</u>
Change in net position	10,529	1,651	4	12,184
Net position—beginning of the year	<u>691,943</u>	<u>4,125</u>	<u>40,004</u>	<u>736,072</u>
Net position—end of the year	<u>\$ 702,472</u>	<u>\$ 5,776</u>	<u>\$ 40,008</u>	<u>\$ 748,256</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2018**

	<u>Balance</u> <u>July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Pine Brook School	\$ 239	\$ 81	\$ 80	\$ 240
Manalapan-Englishtown Middle School	29,852	5,162	4,691	30,323
Wemrock Brook School	1,003	2	-	1,005
General - unallocated	16,201	1,431	14,142	3,490
Total all schools	<u>\$ 47,295</u>	<u>\$ 6,676</u>	<u>\$ 18,913</u>	<u>\$ 35,058</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2018**

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Payroll deductions and withholdings	\$ 107,862	\$ 27,200,975	\$ 27,186,669	\$ 122,168
Accounts payable	36,136	35,394	36,136	35,394
Intrafund accounts payable	80,933	81,668	80,933	81,668
Interfund accounts payable	<u>86</u>	<u>67</u>	<u>139</u>	<u>14</u>
<b>Total</b>	<u>\$ 225,017</u>	<u>\$ 27,318,104</u>	<u>\$ 27,303,877</u>	<u>\$ 239,244</u>



## I. Long-Term Debt

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF SERIAL BONDS PAYABLE  
AS OF JUNE 30, 2018**

Issue	Date of Issue	Amount of Issue	Date	Amount	Interest Rate	July 1, 2017	Issued	Retired	Balance June 30, 2018
School District Bonds	10/15/2004	\$ 18,995,000	12/01/18	1,320,000	5.500%	7,955,000	-	1,315,000	6,640,000
			12/01/19	1,320,000	5.750%				
			12/01/20	1,325,000	5.750%				
			12/01/21	1,335,000	5.750%				
			12/01/22	1,340,000	5.750%				
School District Bonds	1/31/2012	\$ 12,840,000	10/01/18	1,065,000	4.000%	10,555,000	-	955,000	9,600,000
			10/01/19	1,175,000	4.000%				
			10/01/20	1,295,000	4.000%				
			10/01/21	1,420,000	4.500%				
			10/01/22	1,555,000	4.000%				
			10/01/23	3,090,000	4.000%				
School District Bonds	7/8/2016	\$ 16,585,000	10/01/24	3,010,000	4.000%	16,290,000	-	-	16,290,000
			10/01/25	3,130,000	4.000%				
			10/01/26	3,260,000	4.000%				
			10/01/27	3,380,000	4.000%				
			10/01/28	3,510,000	4.000%				
						<u>\$ 34,800,000</u>	<u>\$ -</u>	<u>\$ 2,270,000</u>	<u>\$ 32,530,000</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
AS OF JUNE 30, 2018**

	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2017	Additions Current Year	Retired Current Year	Balance June 30, 2018
5 - 54 Passenger Buses	2.15%	478,384	\$ 318,819	-	50,358	\$ 268,461
2 - 24 Passenger Buses	2.40%	98,320	20,129	-	20,129	-
6 - 54 and 2-24 Passenger Buses	1.94%	720,000	687,235	-	66,562	620,673
			<u>\$ 1,026,183</u>	<u>\$ -</u>	<u>\$ 137,049</u>	<u>\$ 889,134</u>

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 3,312,400	\$ -	\$ 3,312,400	\$ 3,312,400	\$ -
Miscellaneous	-	-	-	-	-
Interest income	-	-	-	-	-
Total revenues - local sources	<u>3,312,400</u>	<u>-</u>	<u>3,312,400</u>	<u>3,312,400</u>	<u>-</u>
State sources:					
Debt service aid type II	434,062	-	434,062	434,062	-
Total state sources	<u>434,062</u>	<u>-</u>	<u>434,062</u>	<u>434,062</u>	<u>-</u>
TOTAL REVENUES	<u>3,746,462</u>	<u>-</u>	<u>3,746,462</u>	<u>3,746,462</u>	<u>-</u>
EXPENDITURES					
Regular debt service:					
Interest	1,476,462	-	1,476,462	1,476,462	-
Redemption of principal	2,270,000	-	2,270,000	2,270,000	-
Total regular debt service	<u>3,746,462</u>	<u>-</u>	<u>3,746,462</u>	<u>3,746,462</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,746,462</u>	<u>-</u>	<u>3,746,462</u>	<u>3,746,462</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
FUND BALANCES, July 1	<u>15,804</u>	<u>-</u>	<u>15,804</u>	<u>15,804</u>	<u>-</u>
FUND BALANCES, June 30	<u>\$ 15,804</u>	<u>\$ -</u>	<u>\$ 15,804</u>	<u>\$ 15,804</u>	<u>\$ -</u>

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	<b>112-117</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	<b>118-121</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	<b>122-125</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>126-127</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	<b>128-133</b>

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 45,563,523	\$ 47,152,557	\$ 48,214,716	\$ 49,305,234	\$ 53,704,479	\$ 43,331,202	\$ 54,812,614	\$ 54,992,019	\$ 55,084,790	\$ 57,217,737
Restricted	8,714,054	6,876,066	8,644,609	11,796,996	10,421,869	10,386,596	10,132,234	11,886,877	12,426,296	11,191,038
Unrestricted	(1,114,974)	(856,048)	(2,140,375)	(1,271,895)	(3,581,192)	8,023,356	(35,281,898)	(35,923,798)	(36,255,427)	(36,483,995)
<b>Total governmental activities net position</b>	<b>\$ 53,162,603</b>	<b>\$ 53,172,575</b>	<b>\$ 54,718,950</b>	<b>\$ 59,830,335</b>	<b>\$ 60,545,156</b>	<b>\$ 61,741,154</b>	<b>\$ 29,662,950</b>	<b>\$ 30,955,098</b>	<b>\$ 31,255,659</b>	<b>\$ 31,924,780</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 397,870	\$ 400,723	\$ 371,425	\$ 334,772	\$ 298,636	\$ 254,423	\$ 224,458	\$ 229,272	\$ 206,440	\$ 197,447
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	214,593	202,477	235,200	199,665	206,912	329,089	429,382	532,804	685,879	879,647
<b>Total business-type activities net position</b>	<b>\$ 612,463</b>	<b>\$ 603,200</b>	<b>\$ 606,625</b>	<b>\$ 534,437</b>	<b>\$ 505,548</b>	<b>\$ 583,512</b>	<b>\$ 653,840</b>	<b>\$ 762,076</b>	<b>\$ 892,319</b>	<b>\$ 1,077,094</b>
<b>District-wide</b>										
Net investment in capital assets	\$ 45,961,393	\$ 47,553,280	\$ 48,586,141	\$ 49,640,006	\$ 54,003,115	\$ 43,585,625	\$ 55,037,072	\$ 55,221,291	\$ 55,291,230	\$ 57,415,184
Restricted	8,714,054	6,876,066	8,644,609	11,796,996	10,421,869	10,386,596	10,132,234	11,886,877	12,426,296	11,191,038
Unrestricted	(900,381)	(653,571)	(1,905,175)	(1,072,230)	(3,374,280)	8,352,445	(34,852,516)	(35,390,994)	(35,569,548)	(35,604,348)
<b>Total district net position</b>	<b>\$ 53,775,066</b>	<b>\$ 53,775,775</b>	<b>\$ 55,325,575</b>	<b>\$ 60,364,772</b>	<b>\$ 61,050,704</b>	<b>\$ 62,324,666</b>	<b>\$ 30,316,790</b>	<b>\$ 31,717,174</b>	<b>\$ 32,147,978</b>	<b>\$ 33,001,874</b>

Source: CAFR Schedule A-1

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 33,506,644	\$ 33,846,747	\$ 33,965,643	\$ 34,006,902	\$ 37,532,659	\$ 35,386,200	\$ 38,746,639	\$ 39,067,252	\$ 39,751,394	\$ 41,256,524
Special education	10,682,191	11,389,023	11,552,809	12,262,955	12,948,934	12,808,903	12,047,689	12,906,420	13,383,520	14,082,017
Other instruction	2,655,615	2,838,026	2,679,122	2,612,694	2,868,775	2,927,826	3,263,657	3,489,231	3,790,596	4,121,280
Nonpublic school programs	84,267	43,278	19,443	27,951	1,163	7,610	6,452	11,599	12,660	7,257
Support Services:										
Tuition	2,050,142	1,906,419	1,776,313	1,278,061	778,637	851,059	865,841	1,155,728	1,301,087	1,533,440
Student & instruction related services	6,845,377	7,128,059	6,291,708	7,303,248	7,114,304	7,357,737	7,590,149	7,829,552	8,156,242	8,178,758
General and Business administrative services	2,044,524	2,718,555	2,558,380	2,496,830	2,873,262	2,644,108	2,703,274	2,965,907	2,762,147	3,024,599
School administrative services	2,897,738	2,903,631	2,771,894	2,849,889	2,891,820	3,061,874	3,169,779	3,295,333	3,430,965	3,409,285
Plant operations and maintenance	7,973,821	8,451,271	7,355,550	7,975,529	7,939,864	9,433,435	8,662,640	8,142,265	9,105,355	7,859,192
Pupil transportation	5,778,039	5,442,491	5,723,635	5,754,887	6,540,131	7,133,698	7,207,730	6,971,802	6,422,458	7,700,610
Charter Schools	-	-	-	-	-	-	100,090	91,255	28,418	31,455
Interest on long-term debt	2,608,523	2,428,292	3,054,333	1,247,365	2,289,266	1,907,067	1,498,596	1,431,044	1,152,291	787,124
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>77,126,881</u>	<u>79,095,792</u>	<u>77,748,830</u>	<u>77,816,311</u>	<u>83,778,815</u>	<u>83,519,517</u>	<u>85,862,536</u>	<u>87,357,388</u>	<u>89,297,133</u>	<u>91,991,541</u>
Business-type activities:										
Food service	1,709,349	1,856,888	1,851,344	1,978,515	2,012,408	1,994,809	1,945,349	1,972,328	1,887,642	1,948,063
Total business-type activities expense	<u>1,709,349</u>	<u>1,856,888</u>	<u>1,851,344</u>	<u>1,978,515</u>	<u>2,012,408</u>	<u>1,994,809</u>	<u>1,945,349</u>	<u>1,972,328</u>	<u>1,887,642</u>	<u>1,948,063</u>
Total district expenses	<u>\$ 78,836,230</u>	<u>\$ 80,952,680</u>	<u>\$ 79,600,174</u>	<u>\$ 79,794,826</u>	<u>\$ 85,791,223</u>	<u>\$ 85,514,326</u>	<u>\$ 87,807,885</u>	<u>\$ 89,329,716</u>	<u>\$ 91,184,775</u>	<u>\$ 93,939,604</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,215	\$ 23,608
Operating grants and contributions	6,402,574	6,716,398	6,796,854	7,130,823	8,444,545	7,511,687	7,699,434	8,234,480	8,791,830	9,424,830
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>6,402,574</u>	<u>6,716,398</u>	<u>6,796,854</u>	<u>7,130,823</u>	<u>8,444,545</u>	<u>7,511,687</u>	<u>7,699,434</u>	<u>8,234,480</u>	<u>8,829,045</u>	<u>9,448,438</u>



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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business-type activities:</b>										
Charges for services										
Food service	1,391,715	1,492,831	1,494,172	1,519,902	1,548,527	1,624,960	1,576,958	1,613,078	1,592,432	1,672,147
Operating grants and contributions	290,629	354,794	360,597	386,425	434,992	447,780	438,677	467,434	425,389	460,611
Total business type activities program revenues	<u>1,682,344</u>	<u>1,847,625</u>	<u>1,854,769</u>	<u>1,906,327</u>	<u>1,983,519</u>	<u>2,072,740</u>	<u>2,015,635</u>	<u>2,080,512</u>	<u>2,017,821</u>	<u>2,132,758</u>
Total district program revenues	<u>\$ 8,084,918</u>	<u>\$ 8,564,023</u>	<u>\$ 8,651,623</u>	<u>\$ 9,037,150</u>	<u>\$ 10,428,064</u>	<u>\$ 9,584,427</u>	<u>\$ 9,715,069</u>	<u>\$ 10,314,992</u>	<u>\$ 10,846,866</u>	<u>\$ 11,581,196</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (70,724,307)	\$ (72,379,394)	\$ (70,951,976)	\$ (70,685,488)	\$ (75,334,270)	\$ (76,007,830)	\$ (78,163,102)	\$ (79,122,908)	\$ (80,468,088)	\$ (82,543,103)
Business-type activities	(27,005)	(9,263)	3,425	(72,188)	(28,889)	77,931	70,286	108,184	130,179	184,695
Total district-wide net expense	<u>\$ (70,751,312)</u>	<u>\$ (72,388,657)</u>	<u>\$ (70,948,551)</u>	<u>\$ (70,757,676)</u>	<u>\$ (75,363,159)</u>	<u>\$ (75,929,899)</u>	<u>\$ (78,092,816)</u>	<u>\$ (79,014,724)</u>	<u>\$ (80,337,909)</u>	<u>\$ (82,358,408)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 46,624,684	\$ 48,175,874	\$ 49,550,724	\$ 50,541,738	\$ 51,552,572	\$ 52,583,623	\$ 54,942,228	\$ 56,603,915	\$ 58,286,034	\$ 60,996,055
Taxes levied for debt service	3,086,701	3,416,908	3,500,861	3,504,357	3,386,723	3,454,447	3,451,646	3,457,532	3,421,639	3,312,400
Unrestricted grants and contributions	20,881,811	20,633,679	19,140,955	20,954,349	20,489,664	20,511,322	19,876,153	19,767,029	19,138,157	18,314,823
Tuition received	2,101	618	-	28,529	215,398	384,137	25,194	22,326	-	-
Investment earnings	183,020	8,984	5,380	4,769	2,419	2,310	1,973	3,055	5,141	10,121
Miscellaneous income	477,505	210,878	300,431	763,131	402,316	268,022	377,281	561,251	(82,322)	578,825
Total governmental activities	<u>71,255,822</u>	<u>72,446,941</u>	<u>72,498,351</u>	<u>75,796,873</u>	<u>76,049,092</u>	<u>77,203,861</u>	<u>78,674,475</u>	<u>80,415,108</u>	<u>80,768,649</u>	<u>83,212,224</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	64	80
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>80</u>
Total district-wide	<u>\$ 71,255,822</u>	<u>\$ 72,446,941</u>	<u>\$ 72,498,351</u>	<u>\$ 75,796,873</u>	<u>\$ 76,049,092</u>	<u>\$ 77,203,861</u>	<u>\$ 78,674,475</u>	<u>\$ 80,415,108</u>	<u>\$ 80,768,713</u>	<u>\$ 83,212,304</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 531,515	\$ 67,547	\$ 1,546,375	\$ 5,111,385	\$ 714,822	\$ 1,196,031	\$ 511,373	\$ 1,292,200	\$ 300,561	\$ 669,121
Business-type activities	(27,005)	(9,263)	3,425	(72,188)	(28,889)	77,931	70,286	108,184	130,243	184,775
Total district	<u>\$ 504,510</u>	<u>\$ 58,284</u>	<u>\$ 1,549,800</u>	<u>\$ 5,039,197</u>	<u>\$ 685,933</u>	<u>\$ 1,273,962</u>	<u>\$ 581,659</u>	<u>\$ 1,400,384</u>	<u>\$ 430,804</u>	<u>\$ 853,896</u>

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

	2009		2010		2011		2012		Fiscal Year Ended June 30,		2015		2016		2017		2018	
									2013	2014								
General Fund																		
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,862,953	\$ 9,801,613		
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,547,539	2,222,190		
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	134,308	353,274		
Reserved	5,049,103	5,074,406	6,244,982	9,914,147	10,301,335	10,266,327	10,079,164	11,833,833	-	-	-	-	-	-	-	-	-	-
Unreserved	(424,907)	(563,211)	(91,073)	(35,804)	(260,329)	(201,884)	(218,997)	167,884	-	-	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 4,624,196</u>	<u>\$ 4,511,195</u>	<u>\$ 6,153,909</u>	<u>\$ 9,878,343</u>	<u>\$ 10,041,006</u>	<u>\$ 10,064,443</u>	<u>\$ 9,860,167</u>	<u>\$ 12,001,717</u>	<u>\$ 12,544,800</u>	<u>\$ 12,377,077</u>								
All Other Governmental Funds																		
Reserved	\$ 5,627,141	\$ 3,820,098	\$ 2,397,817	\$ 1,844,302	\$ 120,193	\$ 120,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted																		
Debit service fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,804	15,804		
Capital projects fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:																		
Special revenue fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service fund	(99,842)	426	1,810	38,547	341	76	53,070	53,044	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 5,527,299</u>	<u>\$ 3,820,524</u>	<u>\$ 2,399,627</u>	<u>\$ 1,882,849</u>	<u>\$ 120,534</u>	<u>\$ 120,269</u>	<u>\$ 53,070</u>	<u>\$ 53,044</u>	<u>\$ 15,804</u>	<u>\$ 15,804</u>								

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

Fiscal Year Ended June 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	\$ 49,711,385	\$ 51,592,782	\$ 53,051,585	\$ 54,046,095	\$ 54,939,295	\$ 56,038,070	\$ 58,393,874	\$ 60,061,447	\$ 61,707,673	\$ 64,308,455
Tuition charges	2,101	618	-	28,529	215,398	384,137	25,194	22,326	37,215	23,608
Interest earnings	183,000	8,984	5,380	4,769	2,419	2,277	1,931	3,003	5,141	10,121
Miscellaneous	497,002	241,804	296,182	527,720	487,419	372,775	367,381	527,938	561,479	578,825
State sources	25,479,664	22,454,877	23,711,740	25,547,795	27,211,235	26,283,087	26,102,953	26,337,845	26,286,212	26,109,183
Federal sources	1,785,224	4,864,274	2,206,537	2,317,732	1,576,166	1,585,962	1,472,634	1,663,664	1,643,775	1,630,470
<b>Total Revenue</b>	<b>77,658,396</b>	<b>79,163,339</b>	<b>79,271,424</b>	<b>82,472,640</b>	<b>84,431,932</b>	<b>84,666,308</b>	<b>86,363,967</b>	<b>88,616,223</b>	<b>90,241,495</b>	<b>92,660,662</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	31,798,853	24,832,870	23,784,432	23,947,743	25,451,372	25,555,459	26,906,059	26,245,090	26,624,026	26,604,243
Special education instruction	10,558,365	8,894,859	8,951,764	9,595,241	10,100,122	9,942,662	9,014,473	9,489,536	9,810,505	10,207,322
Other instruction	2,655,615	2,200,042	2,011,394	1,926,260	2,129,293	2,187,052	2,476,876	2,597,128	2,854,593	3,109,222
Nonpublic school programs	84,267	43,278	19,443	27,951	1,163	7,610	6,452	11,599	12,660	7,257
<b>Support Services:</b>										
Student & instruction related services	8,725,739	8,834,805	7,871,127	8,383,459	7,715,145	7,999,564	8,349,238	8,781,944	9,260,737	9,483,799
General administrative services	760,764	1,385,295	1,193,952	1,083,987	1,238,646	1,057,947	1,128,898	1,259,453	1,071,405	1,296,086
School Administrative services	2,880,785	2,883,934	2,752,470	2,832,183	2,874,384	3,042,105	3,150,236	3,276,121	3,412,390	3,387,548
Business administrative services	1,283,760	1,333,260	1,362,928	1,411,343	1,633,116	1,584,661	1,572,876	1,704,954	1,690,742	1,728,513
Plant operations and maintenance	7,945,281	8,017,578	7,404,814	7,184,989	7,487,507	8,627,838	7,916,526	7,560,116	7,605,564	8,088,562
Pupil transportation	5,514,689	5,589,827	5,728,581	5,730,278	6,366,826	6,918,548	6,995,038	6,762,715	6,940,133	7,465,910
Unallocated employee benefits	-	10,633,068	11,128,801	11,440,563	12,324,707	12,346,233	13,047,464	13,968,989	15,215,905	15,775,542
Capital outlay	3,722,024	2,267,640	2,906,548	2,692,389	5,390,179	1,509,705	2,607,956	890,423	2,031,326	1,927,919
<b>Debt service:</b>										
Principal	1,630,000	1,695,000	1,750,000	15,295,000	1,915,000	2,015,000	2,065,000	2,125,000	2,515,000	2,270,000
Interest and other charges	2,439,462	2,371,662	2,300,949	2,008,653	2,032,428	1,947,072	1,876,734	1,801,631	1,407,528	1,476,462
<b>Total expenditures</b>	<b>79,999,603</b>	<b>80,983,118</b>	<b>79,167,203</b>	<b>93,560,039</b>	<b>86,659,888</b>	<b>84,741,456</b>	<b>87,113,826</b>	<b>86,474,699</b>	<b>90,452,514</b>	<b>92,828,385</b>
Excess (Deficiency) of revenues over (under) expenditures	(2,341,207)	(1,819,779)	104,221	(11,087,399)	(2,227,956)	(75,148)	(749,859)	2,141,524	(211,019)	(167,723)
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	683,895	-	117,599	1,000,000	571,815	98,320	478,384	-	706,862	-
Payoff of old debt	-	-	-	-	-	-	-	-	(19,377,096)	-
Bond proceeds	-	-	-	12,840,000	-	-	-	-	16,585,000	-
Bond premium	-	-	-	1,719,176	56,489	-	-	-	2,974,727	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Prepaid interest	-	-	-	(1,118,119)	-	-	-	-	-	-
Costs of issuance	-	-	-	(146,002)	-	-	-	-	(172,631)	-
Transfers in	945,160	100,266	1,382	244	2,046,045	27	53,042	-	-	-
Transfers out	(60,881)	(100,266)	(1,382)	(244)	(2,046,045)	(27)	(53,042)	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,568,174</b>	<b>-</b>	<b>117,599</b>	<b>14,295,055</b>	<b>628,304</b>	<b>98,320</b>	<b>478,384</b>	<b>-</b>	<b>716,862</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (773,033)</b>	<b>\$ (1,819,779)</b>	<b>\$ 221,820</b>	<b>\$ 3,207,656</b>	<b>\$ (1,599,652)</b>	<b>\$ 23,172</b>	<b>\$ (271,475)</b>	<b>\$ 2,141,524</b>	<b>\$ 505,843</b>	<b>\$ (167,723)</b>
Debt service as a percentage of noncapital expenditures	5.3%	5.2%	5.3%	19.0%	4.9%	4.8%	4.7%	4.6%	4.4%	4.1%

**Source: District records**

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Total</u>
2009	116,351	2,101	16,610	477,505	612,567
2010	173	618	6,560	204,318	211,669
2011	2,350	-	28,095	248,555	279,000
2012	3,808	28,529	29,918	278,157	340,412
2013	1,238	215,398	25,145	371,955	613,736
2014	1,360	384,137	25,145	193,670	604,312
2015	1,375	25,194	25,145	271,236	322,950
2016	1,443	22,326	25,145	360,015	408,929
2017	1,588	37,215	25,145	415,459	479,407
2018	1,623	23,608	34,237	359,240	418,708

Source: District records

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

**MANALAPAN TOWNSHIP**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2009	160,219,400	5,732,755,580	36,725,860	2,314,400	425,667,160	24,603,500	-	6,382,285,900	-	7,636,903	6,389,922,803	0.776	6,480,948,402
2010	102,803,800	5,111,385,600	32,933,960	2,338,000	377,965,540	24,667,000	-	5,652,093,900	-	9,382,496	5,661,476,396	1.684	6,542,677,046
2011	102,803,800	5,111,395,600	32,933,900	2,253,000	380,040,400	22,667,200	-	5,652,093,900	-	9,382,496	5,661,476,396	1.888	6,281,820,516
2012	84,044,500	5,183,906,700	32,780,800	2,354,500	393,960,900	22,667,200	-	5,719,714,600	-	9,382,496	5,729,097,096	1.961	5,746,321,400
2013	58,673,900	5,299,331,500	31,538,900	2,316,400	378,911,200	20,269,600	-	5,791,041,500	-	9,382,496	5,800,423,996	1.995	6,109,982,591
2014	47,846,600	5,359,086,600	32,130,400	2,269,200	380,616,076	20,269,600	-	5,842,218,476	-	-	5,842,218,476	2.044	6,109,982,591
2015	47,846,600	5,393,486,200	32,130,400	2,269,200	380,616,076	20,269,600	-	5,876,618,076	-	-	5,876,618,076	1.990	6,109,982,591
2016	34,938,600	5,786,849,660	33,999,000	1,956,900	423,168,000	20,454,000	-	6,301,366,160	-	-	6,301,366,160	1.969	6,109,982,591
2017	35,776,600	5,872,797,400	35,508,500	1,944,000	432,624,800	20,863,100	-	6,399,514,400	-	-	6,399,514,400	1.986	6,478,903,327
2018	38,604,600	6,071,386,900	37,918,200	1,895,900	467,772,800	23,587,100	-	6,641,165,500	-	-	6,641,165,500	2.023	6,692,366,754

**ENGLISHTOWN TOWNSHIP**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2009	3,978,000	198,110,000	-	-	42,080,100	9,879,300	1,262,100	255,309,500	-	5,904,759	261,214,259	0.758	246,645,548
2010	3,892,300	198,206,200	-	-	42,019,600	9,879,300	1,262,100	255,259,500	-	4,454,063	259,713,563	1.669	250,643,293
2011	3,788,700	198,279,700	-	-	39,134,100	9,879,300	1,262,100	252,343,900	-	4,454,063	256,797,963	1.775	242,547,058
2012	2,384,300	201,896,900	-	-	35,742,000	8,583,900	1,262,100	249,869,200	-	4,454,063	249,869,200	1.788	233,987,214
2013	3,274,100	206,535,000	-	-	35,332,500	7,617,200	1,262,100	254,020,900	-	4,454,063	258,474,963	1.909	221,639,386
2014	3,274,100	206,535,000	-	-	35,332,500	7,617,200	1,262,100	254,020,900	-	-	254,020,900	1.969	221,639,386
2015	1,654,800	183,619,000	-	-	34,989,900	6,358,900	1,328,100	227,950,700	-	-	227,950,700	2.114	221,639,386
2016	1,576,900	183,420,400	-	-	35,820,000	6,452,500	13,268,100	240,537,900	-	-	240,537,900	2.114	221,639,386
2017	1,348,800	185,500,700	-	-	36,071,000	6,393,900	13,302,100	242,616,500	-	-	242,616,500	2.258	240,482,239
2018	1,320,400	190,588,800	-	-	35,421,300	6,396,800	14,458,700	248,186,000	-	-	248,186,000	2.340	253,041,801

Source: District records Tax list summary & Municipal Tax Assessor

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

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

**b** Tax rates are per \$100

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

Fiscal Year Ended June 30,	Manalapan Township								Total Direct and Overlapping Tax Rate
	Manalapan-Englishtown Board of Education			Overlapping Rates					
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Freehold Regional School District	Manalapan Township	Library/Other	Monmouth County		
2009	0.700	0.076	0.776	0.364	0.295	0.014	0.235	1.684	
2010	0.753	0.076	0.829	0.432	0.332	0.016	0.279	1.888	
2011	0.849	0.060	0.909	0.421	0.332	0.020	0.279	1.961	
2012	0.849	0.063	0.912	0.420	0.339	0.017	0.282	1.970	
2013	0.862	0.063	0.925	0.425	0.345	0.018	0.282	1.995	
2014	0.882	0.063	0.945	0.436	0.352	0.019	0.292	2.044	
2015	0.869	0.063	0.932	0.420	0.341	0.018	0.279	1.990	
2016	0.870	0.063	0.933	0.414	0.338	0.018	0.266	1.969	
2017	0.887	0.063	0.950	0.418	0.341	0.018	0.259	1.986	
2018	0.905	0.049	0.954	0.415	0.337	0.020	0.297	2.023	

Fiscal Year Ended June 30,	Englishtown Borough								Total Direct and Overlapping Tax Rate
	Manalapan-Englishtown Board of Education			Overlapping Rates					
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Freehold Regional School District	Englishtown Borough	Library/Other	Monmouth County		
2009	0.707	0.045	0.752	0.303	0.365	0.013	0.236	1.669	
2010	0.784	0.024	0.808	0.318	0.385	0.013	0.251	1.775	
2011	0.785	0.054	0.839	0.299	0.405	0.013	0.232	1.788	
2012	0.729	0.049	0.778	0.393	0.462	0.014	0.262	1.909	
2013	0.729	0.057	0.786	0.404	0.498	0.002	0.265	1.955	
2014	0.755	0.057	0.812	0.372	0.558	0.002	0.253	1.997	
2015	0.816	0.057	0.873	0.373	0.591	0.001	0.276	2.114	
2016	0.816	0.057	0.913	0.380	0.621	0.212	0.266	2.392	
2017	0.816	0.057	0.933	0.414	0.621	0.038	0.252	2.258	
2018	0.951	0.047	0.998	0.402	0.632	-	0.308	2.340	

Source: District Records and Municipal Tax Collector

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

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

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

MANALAPAN TOWNSHIP

Taxpayer	2018			Taxpayer	2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Manalapan Realty	\$ 61,869,100		0.93%	Manalapan Realty	\$ 47,858,000		0.75%
Manalapan VF	33,542,700		0.51%	Manalapan VF	33,696,300		0.53%
Towne Point Associates	15,913,000		0.24%	Towne Point Associates	12,956,400		0.20%
Trans Equity Realty, LLC	10,697,800		0.16%	Trans Equity Realty, LLC	10,892,800		0.17%
Taylor 9 South Associates, LLC	13,041,700		0.20%	Taylor 9 South Associates, LLC	8,531,900		0.13%
Lenine, LLC	8,827,100		0.13%	198 & 200 Manalapan, LLC	13,976,900		0.22%
Pension Road Realty	7,008,400		0.11%	Wesmon Corporation	11,080,300		0.17%
Monmouth Investors	7,472,400		0.11%	Hearthstone Multi-Asset Equity	10,820,200		0.17%
Englishtown Auction Sales, Inc.	6,480,000		0.10%	K.Hoynanian at Manalapan III, LLC	10,291,900		0.16%
HCRI NY-NJ Properties LLC	9,175,900		0.14%	TC Braha, LLC	8,434,900		0.13%
<b>Total</b>	<b>\$ 174,028,100</b>		<b>2.63%</b>	<b>Total</b>	<b>\$ 168,539,600</b>		<b>2.63%</b>

ENGLISHTOWN BOROUGH

Taxpayer	2018			Taxpayer	2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Stamford Square LLC	\$ 12,309,000		4.96%	BTR Englishtown, LLC	\$ 10,229,300		4.01%
Three Corners Ventures LLC	4,802,500		1.94%	BAL Governor's Crossing LLC	7,425,200		2.91%
BAL Governor's Crossing LLC	4,467,700		1.80%	Verizon New Jersey	6,611,559		2.59%
Village Center Associates LLC	3,122,300		1.26%	Dorothy Leo, LLC	3,495,400		1.37%
AMBE	3,095,900		1.25%	Wemacs, LLC	3,366,700		1.32%
Wemacs, LLC	2,421,200		0.98%	Village Center Associates, LLC	3,312,700		1.30%
Brooklawn Gardens, Inc.	2,042,000		0.82%	Durling Realty, LLC	2,150,300		0.84%
DCD LLC	2,013,500		0.81%	Brooklawn Gardens, Inc.	2,139,400		0.84%
Five South Main St LLC	1,967,100		0.79%	K&K Englishtown, Inc.	1,782,800		0.70%
Degiacomo Realty LLC	1,234,800		0.50%	Moskowitz, K Trust & Berger V	1,374,700		0.54%
<b>Total</b>	<b>\$ 37,476,000</b>		<b>15.11%</b>	<b>Total</b>	<b>\$ 41,888,059</b>		<b>16.42%</b>

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

MANALAPAN TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	111,863,760	110,272,757	98.58%	-
2010	115,530,685	113,968,838	98.65%	-
2011	116,561,281	115,264,663	98.89%	-
2012	118,422,656	117,170,981	98.94%	-
2013	121,065,199	118,960,751	98.26%	-
2014	124,737,609	123,464,749	98.98%	-
2015	127,567,302	126,509,641	99.17%	-
2016	129,137,983	128,058,185	99.16%	-
2017	133,051,144	131,837,254	99.09%	-
2018	137,772,234	136,634,045	99.17%	-

ENGLISHTOWN BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	1,983,899	1,983,899	100.00%	-
2010	1,976,369	1,976,369	100.00%	-
2011	2,106,903	2,106,903	100.00%	-
2012	2,179,739	2,179,739	100.00%	-
2013	1,952,186	1,952,186	100.00%	-
2014	2,005,425	2,005,425	100.00%	-
2015	2,035,309	2,035,309	100.00%	-
2016	2,101,730	2,101,730	100.00%	-
2017	2,263,482	2,263,482	100.00%	-
2018	2,477,648	2,477,648	100.00%	-

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

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



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

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2009	53,750,000	-	1,087,289	-	-	54,837,289	0.10%	54,801
2010	52,055,000	-	691,982	-	-	52,746,982	0.11%	56,755
2011	50,305,000	-	478,959	-	-	50,783,959	0.11%	54,771
2012	47,850,000	-	1,181,435	-	-	49,031,435	0.12%	56,955
2013	45,935,000	-	1,258,930	-	-	47,193,930	0.12%	58,355
2014	43,920,000	-	1,026,782	-	-	44,946,782	0.14%	61,426
2015	41,855,000	-	1,111,256	-	-	42,966,256	0.15%	62,901
2016	39,730,000	-	727,455	-	-	40,457,455	0.16%	66,019
2017	34,800,000	-	1,026,183	-	-	35,826,183	0.19%	69,410
2018	32,530,000	-	889,134	-	-	33,419,134	0.21%	71,237

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

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

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

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2009	53,750,000	-	53,750,000	0.81%	54,801
2010	52,055,000	-	52,055,000	0.88%	56,755
2011	50,305,000	-	50,305,000	0.85%	54,771
2012	47,850,000	-	47,850,000	0.80%	56,955
2013	45,935,000	-	45,935,000	0.76%	58,355
2014	43,920,000	-	43,920,000	0.72%	61,426
2015	41,855,000	-	41,855,000	0.68%	62,901
2016	39,730,000	-	39,730,000	0.61%	66,019
2017	34,800,000	-	34,800,000	0.52%	69,410
2018	32,530,000	-	32,530,000	0.47%	71,237

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

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

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

**Manalapan-Englishtown Regional School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2018**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Manalapan Township	\$ 18,629,606	100.0000%	\$ 18,629,606
Englishtown Borough	1,929,427	100.0000%	1,929,427
<b>Other debt</b>			
Western Monmouth Utility Authority	7,749,213	50.2928%	3,897,296
Freehold Regional High School:			
Manalapan Township	10,145,000	19.67785%	1,996,318
Englishtown Borough	10,145,000	0.741706%	75,246
Monmouth County:			
Manalapan Township	462,342,600	5.5440%	25,632,274
Englishtown Borough	462,342,600	0.2070%	957,049
Subtotal, overlapping debt			53,117,216
<b>Manalapan-Englishtown School District Direct Debt</b>			32,530,000
<b>Total direct and overlapping debt</b>			<u>\$ 85,647,216</u>

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

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

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

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

Exhibit J-13

**Legal Debt Margin Calculation for Fiscal Year 2018**

Equalized valuation basis	
2018	\$ 6,692,366,754
2017	-
2016	<u>6,478,903,327</u>
<b>[A]</b>	<u>\$ 13,171,270,081</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 4,390,423,360
Debt limit (3% of average equalization value)	<b>[B]</b> 131,712,701 <sup>a</sup>
Net bonded school debt	<b>[C]</b> <u>31,121,451</u>
Legal debt margin	<b>[B-C]</b> <u><u>\$ 100,591,250</u></u>

Fiscal Year for Manalapan Township

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 185,860,588	\$ 192,081,122	\$ 193,054,460	\$ 185,708,190	\$ 181,381,245	\$ 179,662,866	\$ 184,518,826	\$ 187,299,015	\$ 190,988,223	\$ 131,712,701
Total net debt applicable to limit	<u>51,422,625</u>	<u>49,801,019</u>	<u>48,126,794</u>	<u>45,778,095</u>	<u>43,946,015</u>	<u>42,018,264</u>	<u>40,042,679</u>	<u>38,009,691</u>	<u>33,293,160</u>	<u>31,121,451</u>
Legal debt margin	<u>\$ 134,437,963</u>	<u>\$ 142,280,103</u>	<u>\$ 144,927,666</u>	<u>\$ 139,930,095</u>	<u>\$ 137,435,230</u>	<u>\$ 137,644,602</u>	<u>\$ 144,476,147</u>	<u>\$ 149,289,324</u>	<u>\$ 157,695,063</u>	<u>\$ 100,591,250</u>
Total net debt applicable to the limit as a percentage of debt limit	27.67%	25.93%	24.93%	24.65%	24.23%	23.39%	21.70%	20.29%	17.43%	23.63%

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

Equalized valuation basis	
2018	\$ 253,041,801
2017	-
2016	<u>240,482,239</u>
<b>[A]</b>	<u>\$ 493,524,040</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 164,508,013
Debt limit (3% of average equalization value)	<b>[B]</b> 4,935,240 <sup>a</sup>
Net bonded school debt	<b>[C]</b> <u>1,408,549</u>
Legal debt margin	<b>[B-C]</b> <u><u>\$ 3,526,691</u></u>

Fiscal Year for Englishtown Borough

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 7,034,992	\$ 7,364,512	\$ 7,398,359	\$ 7,271,776	\$ 6,981,737	\$ 6,772,660	\$ 6,702,030	\$ 6,778,499	\$ 6,966,928	\$ 4,935,240
Total net debt applicable to limit	<u>2,327,375</u>	<u>2,253,982</u>	<u>2,178,207</u>	<u>2,071,905</u>	<u>1,988,986</u>	<u>1,901,736</u>	<u>1,812,322</u>	<u>1,720,309</u>	<u>1,506,840</u>	<u>1,408,549</u>
Legal debt margin	<u>\$ 4,707,617</u>	<u>\$ 5,110,530</u>	<u>\$ 5,220,152</u>	<u>\$ 5,199,871</u>	<u>\$ 4,992,751</u>	<u>\$ 4,870,924</u>	<u>\$ 4,889,708</u>	<u>\$ 5,058,190</u>	<u>\$ 5,460,088</u>	<u>\$ 3,526,691</u>
Total net debt applicable to the limit as a percentage of debt limit	33.08%	30.61%	29.44%	28.49%	28.49%	28.08%	27.04%	25.38%	21.63%	28.54%

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

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

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

MANALAPAN TOWNSHIP

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2009	38,956	2,134,827,756	54,801	4.2%
2010	39,390	2,235,579,450	56,755	7.8%
2011	38,872	2,129,058,312	54,771	7.8%
2012	38,872	2,213,954,760	56,955	7.8%
2013	39,229	2,289,208,295	58,355	8.3%
2014	39,851	2,447,887,526	61,426	7.0%
2015	39,987	2,515,222,287	62,901	4.4%
2016	40,169	2,651,917,211	66,019	4.4%
2017	40,018	2,777,649,380	69,410	4.1%
2018	-	-	71,237	0.0%

ENGLISHTOWN BOROUGH

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2009	1,917	105,053,517	54,801	4.0%
2010	1,916	108,742,580	56,755	6.7%
2011	1,916	104,941,236	54,771	6.8%
2012	1,916	109,125,780	56,955	6.8%
2013	1,909	111,399,695	58,355	7.1%
2014	1,948	119,657,848	61,426	6.4%
2015	1,962	123,411,762	62,901	6.4%
2016	1,955	129,067,145	66,019	5.4%
2017	1,938	134,516,580	69,410	4.5%
2018	1,943	138,413,491	71,237	5.8%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income not available by municipality

<sup>c</sup> Per Capita Income not available by municipality

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	2018			2009		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Manalapan-Englishtown Regional School District	822	1	0.00%	816	1	0.00%
Wegman's Super Market	600	2	0.00%	510	2	0.00%
Manalapan Township	180	3	0.00%	165	6	0.00%
Target	147	4	0.00%			
Navicore Solutions	112	5	0.00%			
Applebee's	65	6	0.00%			
Rex Lumber	57	7	0.00%	80	9	0.00%
Western Monmouth Utilities	55	8	0.00%	59		
Club Metro	50	9	0.00%			
Turning Point	42	10	0.00%			
Schoor DePalma				416	3	0.00%
Best Buy, Inc.				200	4	0.00%
Reiss Manufacturing, Inc.				175	5	0.00%
Hair Systems, Inc.				105	7	0.00%
Pinebrook Care Center				100	8	0.00%
Liberty Manor				60	10	0.00%
	<u>2,130</u>		<u>0.00%</u>	<u>2,686</u>		<u>14.40%</u>

**Source:** Township Administration Office

**Note:** Percentage of total employment not available.

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

<u>Function/Program</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>2018</u>
Instruction										
Regular	349	256	270	271	273	296	289	291	291	291
Special education	128	163	160	156	166	180	172	172	180	180
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	154	131	133	135	133	84	120	114	110	113
General administrative services	4	3	2	2	2	2	2	2	2	2
School administrative services	40	40	35	42	37	38	39	39	39	39
Business administrative services	6	6	14	16	16	16	17	17	17	17
Plant operations and maintenance	63	62	65	62	96	96	98	101	97	97
Pupil transportation	75	85	86	85	89	91	89	90	86	86
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u><u>819</u></u>	<u><u>746</u></u>	<u><u>765</u></u>	<u><u>769</u></u>	<u><u>812</u></u>	<u><u>803</u></u>	<u><u>826</u></u>	<u><u>826</u></u>	<u><u>822</u></u>	<u><u>825</u></u>

**Source:** District Personnel Records

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

Year Ended June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2009	5,464	72,208,117	13,215	13.70%	819	13:01	14:01	5,464	5,204	-0.64%	95.20%
2010	5,364	74,648,816	13,917	5.31%	746	13:01	14:01	5,400	5,176	-1.17%	95.90%
2011	5,275	72,209,706	13,689	-1.64%	765	13:01	14:01	5,292	5,047	-2.00%	95.90%
2012	5,161	73,563,998	14,254	4.13%	769	11:01	12:01	5,195	4,980	-1.83%	95.90%
2013	5,136	77,322,281	15,055	5.62%	812	11:01	12:01	5,118	4,906	-1.49%	95.87%
2014	5,090	79,269,679	15,574	3.45%	803	13:01	13:01	5,057	4,849	-1.19%	95.89%
2015	5,116	80,564,136	15,747	1.12%	826	12:01	12:01	5,097	4,889	0.79%	95.92%
2016	5,039	81,657,645	16,205	2.91%	826	12:01	12:01	5,097	4,889	0.00%	95.92%
2017	5,059	84,498,660	16,703	3.07%	822	12:01	12:01	5,010	4,799	-1.71%	95.79%
2018	5,051	87,160,758	17,256	6.49%	825	12:01	12:01	5,050	4,808	-0.92%	95.21%

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

**Note:** Enrollment based on annual October district count.

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



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>District Building</b>										
<b>Early Learning Center</b>										
John I. Dawes Early Learning Center (2008)										
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	530	530	530	530	530	530	530	530	530	420
<b>Elementary</b>										
Clark Mills Elementary (1957)										
Square Feet	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551	73,551
Capacity (students)	851	851	851	851	851	851	851	851	851	851
Enrollment	605	605	605	605	605	605	605	605	605	535
Taylor Mills Elementary (1965)										
Square Feet	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454	73,454
Capacity (students)	521	521	521	521	521	521	521	521	521	521
Enrollment	519	519	519	519	519	519	519	519	519	577
Pine Brook Elementary (1966)										
Square Feet	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260	83,260
Capacity (students)	816	816	816	816	816	816	816	816	816	816
Enrollment	778	778	778	778	778	778	778	778	778	616
Lafayette Mills Elementary (1968)										
Square Feet	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230	63,230
Capacity (students)	517	517	517	517	517	517	517	517	517	517
Enrollment	508	508	508	508	508	508	508	508	508	513
Milford Brook Elementary (1971)										
Square Feet	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900	68,900
Capacity (students)	584	584	584	584	584	584	584	584	584	584
Enrollment	604	604	604	604	604	604	604	604	604	535
Wemrock Brook Elementary (2002)										
Square Feet	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252	98,252
Capacity (students)	642	642	642	642	642	642	642	642	642	642
Enrollment	631	631	631	631	631	631	631	631	631	633
<b>Middle School</b>										
Manalapan Englishtown Middle (1992)										
Square Feet	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977	278,977
Capacity (students)	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424
Enrollment	1,346	1,346	1,346	1,346	1,346	1,346	1,346	1,346	1,346	1,222
<b>Other</b>										
Administration Building (1909)										
Square Feet	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109	12,109
Transportation (2002)										
Square Feet	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760	4,760
Bus Repair Facility (2003)										
Square Feet	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Bus Wash Facility (2002)										
Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Fuel Facility (2002)										
Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Number of Schools at June 30, 2018										
Early Learning Center = 1										
Elementary = 6										
Middle School = 1										
Other = 5										

**Source:** District records, ASSA

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

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

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

* School Facilities Project # (s)	Clark Mills Elementary N/A	Lafayette Mills Elementary N/A	Manalapan- Englishtown Middle N/A	Milford Brook Elementary N/A	Pine Brook Elementary N/A	Taylor Mills Elementary N/A	Wemrock Brook Elementary N/A	John I. Dawes Early Learning Center N/A	Other Facilities	Total
2009	144,111	123,889	546,608	134,998	163,134	143,921	192,508	82,292	49,706	1,581,167
2010	110,392	94,901	418,714	103,411	124,964	110,246	147,465	63,037	38,076	1,507,756
2011	94,956	81,632	360,167	88,952	107,491	94,831	126,846	54,223	32,752	1,041,851
2012	84,031	72,239	318,727	78,717	95,123	83,920	112,251	47,984	28,984	921,976
2013	110,392	94,901	418,714	103,411	124,964	110,246	147,465	63,037	38,076	1,211,208
2014	117,546	101,052	445,850	110,113	133,063	117,391	157,022	67,123	40,544	1,289,704
2015	82,763	71,149	313,918	77,530	93,688	82,654	110,558	47,260	28,546	908,067
2016	84,014	72,225	318,662	78,701	95,104	83,903	112,228	47,975	28,978	921,790
2017	93,296	80,204	353,869	87,396	105,611	93,173	124,628	53,275	32,179	1,023,631
2018	111,907	96,204	424,460	104,830	126,679	111,759	149,489	63,902	38,599	1,227,829
<b>Total School Facilities</b>	<b>\$ 1,187,531</b>	<b>\$ 1,070,162</b>	<b>\$ 4,164,633</b>	<b>\$ 1,137,713</b>	<b>\$ 1,346,410</b>	<b>\$ 1,173,746</b>	<b>\$ 1,539,719</b>	<b>\$ 601,908</b>	<b>\$ 356,440</b>	<b>\$ 12,874,815</b>

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

Source: District records

**Manalapan-Englishtown Regional School District**  
**Insurance Schedule**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

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

(Continued)

Source: District Records

**Manalapan-Englishtown Regional School District  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2018  
Unaudited**

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

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' 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  
Manalapan-Englishtown Regional School District  
County of Monmouth  
Englishtown, New Jersey 07728

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Manalapan-Englishtown Regional School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Manalapan-Englishtown Regional School District basic financial statements, and have issued our report thereon dated January 31, 2019.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

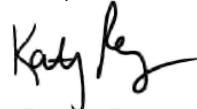
As part of obtaining reasonable assurance about whether the Manalapan-Englishtown Regional School District financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

Jump, Perry and Company, L.L.P.  
Toms River, New Jersey



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

Toms River, New Jersey  
January 31, 2019

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

Honorable President and  
Members of the Board of Education  
Manalapan-Englishtown Regional School District  
County of Monmouth  
Englishtown, New Jersey 07728

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

We have audited Manalapan-Englishtown Regional School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Manalapan-Englishtown Regional School District's major federal and state programs for the year ended June 30, 2018. Manalapan-Englishtown Regional School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Manalapan-Englishtown Regional School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and the New Jersey 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 Manalapan-Englishtown Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



## Opinion on Each Major Federal and State Program

In our opinion, Manalapan-Englishtown Regional School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

## Report on Internal Control Over Compliance

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

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

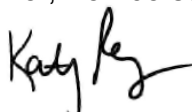
**Report on Internal Control Over Compliance (continued)**

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

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

Respectfully submitted,

Jump, Perry and Company, L.L.P.  
Toms River, New Jersey



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

January 31, 2019

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Fiscal Year Ended June 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2017</u>	<u>Carryover Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Adjustments</u>	<u>Repayment of Prior years' Balances</u>	<u>Deferred Revenue at June 30, 2018</u>	<u>(Accounts Receivable) at June 30, 2018</u>	<u>Due to Grantor at June 30, 2018</u>
U.S. Department of Education												
General Fund:												
Medical Assistance Program (SEMI)	93.778	7/1/17-6/30/18	\$ 58,321	\$ -	\$ -	\$ 58,321	\$ (58,321)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total General Fund</b>				<b>-</b>	<b>-</b>	<b>58,321</b>	<b>(58,321)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
Food Distribution Program	10.550	7/1/17-6/30/18	121,988	-	-	121,988	(121,988)	-	-	-	-	-
Child Nutrition Cluster:												
National School Lunch Program	10.555	7/1/16-6/30/17	304,652	(20,321)	-	20,321	-	-	-	-	-	-
National School Lunch Program	10.555	7/1/17-6/30/18	315,804	-	-	288,158	(315,804)	-	-	-	(27,646)	-
Special Milk Program	10.556	7/1/16-6/30/17	144	(8)	-	8	-	-	-	-	-	-
Special Milk Program	10.556	7/1/17-6/30/18	77	-	-	61	(77)	-	-	-	(16)	-
<b>Subtotal Child Nutrition Cluster</b>				<b>(20,329)</b>	<b>-</b>	<b>308,548</b>	<b>(315,881)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(27,662)</b>	<b>-</b>
<b>Total Enterprise Fund</b>				<b>(20,329)</b>	<b>-</b>	<b>430,536</b>	<b>(437,869)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(27,662)</b>	<b>-</b>
U.S. Department of Education												
Passed-through State Department of Education:												
Title I												
Title I	84.010A	7/1/16-6/30/17	278,776	(80,039)	-	80,039	-	-	-	-	-	-
Title I	84.010A	7/1/17-6/30/18	271,893	-	-	182,862	(253,496)	-	-	-	(70,634)	-
Title II Part A	84.367A	7/1/16-6/30/17	73,025	(13,890)	-	13,890	-	-	-	-	-	-
Title II Part A	84.367A	7/1/17-6/30/18	73,956	-	-	40,802	(61,875)	-	-	-	(21,073)	-
Title III	84.365A	7/1/16-6/30/17	16,434	(5,608)	-	5,608	-	-	-	-	-	-
Title III	84.365A	7/1/17-6/30/18	15,966	-	-	9,642	(10,448)	-	-	-	(806)	-
Title IV	84.424A	7/1/17-6/30/18	10,000	-	-	-	(6,850)	-	-	-	(6,850)	-
Special Education Cluster:												
I.D.E.A. Part B Basic Regular	84.027	7/1/16-6/30/17	1,149,067	(65,333)	-	65,333	-	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/17-6/30/18	1,136,845	-	-	1,014,394	(1,182,632)	-	-	-	(168,238)	-
I.D.E.A. Part B Preschool	84.173	7/1/16-6/30/17	53,905	(11,968)	-	11,968	-	-	-	-	-	-
I.D.E.A. Part B Preschool	84.173	7/1/17-6/30/18	53,675	-	-	32,677	(60,466)	-	-	-	(27,789)	-
<b>Subtotal Special Education Cluster</b>				<b>(77,301)</b>	<b>-</b>	<b>1,124,372</b>	<b>(1,243,098)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(196,027)</b>	<b>-</b>
<b>Total Special Revenue Fund</b>				<b>(176,838)</b>	<b>-</b>	<b>1,457,215</b>	<b>(1,575,767)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(295,390)</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ (197,167)</b>	<b>\$ -</b>	<b>\$ 1,946,072</b>	<b>\$ (2,071,957)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (323,052)</b>	<b>\$ -</b>

See accompanying notes to schedules of expenditures.

**MANALAPAN-ENGLISHTOWN REGIONAL SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year Ended June 30, 2018**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Final Award Amount	Balance at June 30, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2018	(Accounts Receivable) at June 30, 2018	Due to Grantor at June 30, 2018	Budgetary Receivable	Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	2,122,959	-	-	1,910,663	(2,122,959)	-	-	-	-	212,296	2,122,959
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	3,077,364	-	-	2,769,628	(3,077,364)	-	-	-	-	307,736	3,077,364
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	12,610,419	-	-	11,380,406	(12,610,419)	-	-	-	-	1,230,013	12,610,419
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	403,710	-	-	363,339	(403,710)	-	-	-	-	40,371	403,710
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	1,010,683	-	-	909,615	(1,010,683)	-	-	-	-	101,068	1,010,683
Addl Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	69,343	-	-	62,409	(69,343)	-	-	-	-	6,934	69,343
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	48,185	-	-	43,367	(48,185)	-	-	-	-	4,819	48,185
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	48,185	-	-	43,367	(48,185)	-	-	-	-	4,819	48,185
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	49,510	-	-	44,559	(49,510)	-	-	-	-	4,951	49,510
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	494,246	(494,246)	-	494,246	-	-	-	-	-	-	-
Extraordinary Aid	18-100-034-5120-473	7/1/17-6/30/18	593,731	-	-	-	(593,731)	-	-	(593,731)	-	-	593,731
Non-public transportation aid	17-495-034-5120-014	7/1/16-6/30/17	21,054	(21,054)	-	21,054	-	-	-	-	-	-	-
Non-public transportation aid	18-495-034-5120-014	7/1/17-6/30/18	36,601	-	-	-	(36,601)	-	-	(36,601)	-	-	36,601
Reimbursed TPAF Social Security Contribution	18-495-034-5094-003	7/1/17-6/30/18	2,363,264	-	-	2,242,013	(2,363,264)	-	-	(121,251)	-	-	2,363,264
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	2,450,861	(121,045)	-	121,045	-	-	-	-	-	-	-
On-behalf TPAF Contribution	18-495-034-5094-002	7/1/17-6/30/18	4,935,360	-	-	4,935,360	(4,935,360)	-	-	-	-	-	4,935,360
On-behalf TPAF Post-Retirement Medical Contribution	18-495-034-5094-001	7/1/17-6/30/18	3,187,644	-	-	3,187,644	(3,187,644)	-	-	-	-	-	3,187,644
On-behalf TPAF LTDI	18-495-034-5094-004	7/1/17-6/30/18	6,300	-	-	6,300	(6,300)	-	-	-	-	-	6,300
<b>Total General Fund</b>			<u>33,529,419</u>	<u>(636,345)</u>	<u>-</u>	<u>28,535,013</u>	<u>(30,563,258)</u>	<u>-</u>	<u>-</u>	<u>(751,583)</u>	<u>-</u>	<u>1,913,007</u>	<u>30,563,258</u>
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Technology	18-100-034-5120-373	7/1/17-6/30/18	1,480	-	-	1,480	(1,453)	-	-	(27)	27	-	-
Technology	17-100-034-5120-373	7/1/16-6/30/17	1,378	541	-	-	-	(541)	-	-	-	-	-
Textbook	17-100-034-5120-064	7/1/16-6/30/17	3,055	2,412	-	-	-	(2,412)	-	-	-	-	-
Textbook	18-100-034-5120-064	7/1/17-6/30/18	3,342	-	-	3,342	(531)	-	-	-	2,811	-	-
Nursing	17-100-034-5120-070	7/1/16-6/30/17	5,490	2,533	-	-	-	(2,533)	-	-	-	-	-
Nursing	18-100-034-5120-070	7/1/17-6/30/18	3,395	-	-	3,395	(2,320)	-	(1,075)	-	1,075	-	-
Security	17-100-034-5120-509	7/1/16-6/30/17	3,050	439	-	-	-	(439)	-	-	-	-	-
Security	18-100-034-5120-509	7/1/17-6/30/18	3,000	-	-	3,000	(2,953)	-	(47)	-	47	-	-
Exam and Classification	17-100-034-5120-066	7/1/16-6/30/17	2,520	-	-	-	-	-	-	-	-	-	-
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	3,819	-	-	3,819	-	-	(3,819)	-	3,819	-	-
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	392	-	-	-	-	-	-	-	-	-	-
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	1,786	-	-	1,786	-	-	(1,786)	-	1,786	-	-
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	3,092	-	-	-	-	-	-	-	-	-	-
<b>Total Special Revenue Fund</b>			<u>35,799</u>	<u>5,925</u>	<u>-</u>	<u>16,822</u>	<u>(7,257)</u>	<u>(5,925)</u>	<u>-</u>	<u>(6,754)</u>	<u>9,565</u>	<u>-</u>	<u>-</u>
Debt Service Fund:													
Debt service aid													
	18-495-034-5120-075	7/1/17-6/30/18	434,062	-	-	434,062	(434,062)	-	-	-	-	-	-
			<u>434,062</u>	<u>-</u>	<u>-</u>	<u>434,062</u>	<u>(434,062)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enterprise Fund:													
State School Lunch Program													
	17-100-010-3360-067	7/1/16-6/30/17	18,426	(1,249)	-	1,249	-	-	-	-	-	-	-
	18-100-010-3350-023	7/1/17-6/30/18	22,742	-	-	20,682	(22,742)	-	-	(2,060)	-	-	-
			<u>41,168</u>	<u>(1,249)</u>	<u>-</u>	<u>21,931</u>	<u>(22,742)</u>	<u>-</u>	<u>-</u>	<u>(2,060)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures of State Awards</b>			<u>\$ 34,040,448</u>	<u>\$ (631,669)</u>	<u>\$ -</u>	<u>\$ 29,007,828</u>	<u>\$ (31,027,319)</u>	<u>\$ (5,925)</u>	<u>\$ -</u>	<u>\$ (760,397)</u>	<u>\$ 9,565</u>	<u>\$ 1,913,007</u>	<u>\$ 30,563,258</u>
Less: On-Behalf TPAF Pension System Contributions							<u>(8,129,304)</u>						
<b>Total for State Financial Assistance-Major Program Determination</b>							<u>\$ (22,898,015)</u>						

See accompanying notes to schedules of expenditures.

(1) Not subject to Single Audit

Manalapan-Englishtown Regional School District  
Notes to Schedules of Awards and Financial Assistance  
For the Year Ended June 30, 2018

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

Manalapan-Englishtown Regional School District  
Notes to Schedules of Awards and Financial Assistance  
For the Year Ended June 30, 2018

3. Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(4,895,394) for the General Fund and \$(3,618) for the Special Revenue Fund. See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the General Fund and Special Revenue Fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>TPAF</u>	<u>Total</u>
General Fund	\$ 58,321	25,667,864	(8,129,304)	17,596,881
Special Revenue Fund	1,572,149	7,257	-	1,579,406
Debt Service Fund	-	434,062	-	434,062
Food Service Fund	<u>437,869</u>	<u>22,742</u>	<u>-</u>	<u>460,611</u>
Total awards and financial assistance	<u>\$ 2,068,339</u>	<u>26,131,925</u>	<u>\$ (8,129,304)</u>	<u>\$ 20,070,960</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2018.

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

6. Indirect Costs

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

Manalapan-Englishtown Regional School District

Notes to Schedules of Awards and Financial Assistance (Continued)

June 30, 2018

Section I - Summary of Auditor's Results  
Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to general-purpose financial statements noted? yes no

Federal Awards Section

Internal Control over major programs:

- 1) Material weakness(es) identified? yes no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	I.D.E.A. - Part B
84.173	I.D.E.A. - Part B Preschool

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

Auditee qualified as low-risk auditee? yes no

Manalapan-Englishtown Regional School District

Schedule of Finding and Questioned Costs

June 30, 2018

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

State Awards Section

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

Auditee qualified as low-risk auditee? yes no

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

Internal Control over major programs:

- 1) Material weakness(es) identified? yes no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

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

Identification of major programs:

GMIS Number(s)	Name of State Program
	<b>State Aid - Public (Cluster)</b>
495-034-5120-089	Special Education Categorical Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-085	Additional Adjustment Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness
495-034-5120-1010	Professional Learning Comm Aid



Manalapan-Englishtown Regional School District  
Schedule of Finding and Questioned Costs (continued)  
June 30, 2018

Section II - Financial Statement Findings

No matters were reported for the period ended June 30, 2018.

Prior Year Audit Findings - N/A

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

No matters were reported for the period ended June 30, 2018.