

**SCHOOL DISTRICT
OF
MANNINGTON TOWNSHIP**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Mannington Township Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2018

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Prepared by

Mannington Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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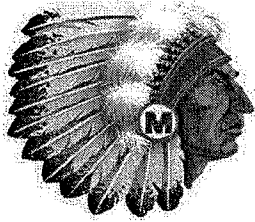
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INTRODUCTORY SECTION



Mannington Township School

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

Ms. Kristin Williams
Chief School Administrator

Mrs. Karen Mathews
Business Administrator

January 22, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Mannington Township School District for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

Mannington Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Mannington Township Board of Education and its one school constitute the District's reporting entity. Mannington Township School District provides a full range of educational services appropriate to grade levels Pre-K through Eighth grade. These include regular, as well as special education for handicapped students. Our students in grades 9-12 are sent to Salem High School in a sending/receiving relationship. Tuition and transportation are paid for by the Mannington Township Board of Education. The Mannington Township School District completed the 2017-2018 fiscal year with an enrollment of 152 students, which was 5 less students than in the prior year. The following changes in the student enrollment of the District over the last ten years show a leveling off for the later years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	152	-3.20%
2016-17	157	-14.01%
2015-16	179	-1.01%
2014-15	181	1.68%
2013-14	178	-2.19%
2012-13	182	8.98%
2011-12	167	-1.76%
2010-11	170	-10.9%
2009-10	191	9.14%
2008-09	172	(1.14)%

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

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

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

The Mannington School continues to provide and ensure a safe and healthy learning environment for staff and students. The recent safety upgrades included the installation of additional video surveillance cameras, security window film and in the near future, double vestibule doors. A Safety Committee meets quarterly to review procedures and plans in order to optimize school safety.

During the 2017-2018 school year, the district continued to concentrate on early -identification of academic issues with students in our Pre-K through Third Grade classes. RTI (Response to Intervention) continued to be refined and utilized to help address academic concerns. The district also invested in school wide initiatives in the areas of harassment, intimidation, and bullying. Students, staff, and administration were presented information and training through workshops, assemblies, and activities to help the school climate remain bully free. In the area of technology the Mannington School is utilizing online reports and assessments, Chromebook and iPad carts, and SMART/Promethean Boards. Curriculum is infused with technology and lessons can be enhanced through the use of the computers. Several technology based programs have been purchased, such as IXL, Storia, Accelerated Reader, Front Row and Spelling City. The teachers also utilize several free online resources to enhance instruction. The needs of all students are considered in both regular and special education, including resource center programs and inclusion settings, with a full range of related services being offered.

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

4. INTERNAL ACCOUNTING CONTROLS:

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

4. INTERNAL ACCOUNTING CONTROLS (CONT'D):

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. DEBT ADMINISTRATION:

On March 1, 2006, the Mannington Township Board of Education issued \$2,218,000 in bonds for the renovation of the elementary school. On April 12, 2016 the Bonds Payable for the renovation of the elementary school were refunded and the balance as of June 30, 2018 was \$1,130,000. There was no other authorized or outstanding bonded debt as of June 30, 2018.

8. CASH MANAGEMENT:

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

9. RISK MANAGEMENT:

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


10. OTHER INFORMATION:

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

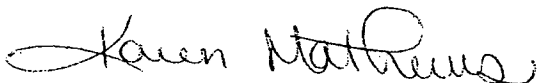
11. ACKNOWLEDGMENTS:

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

Respectfully submitted,

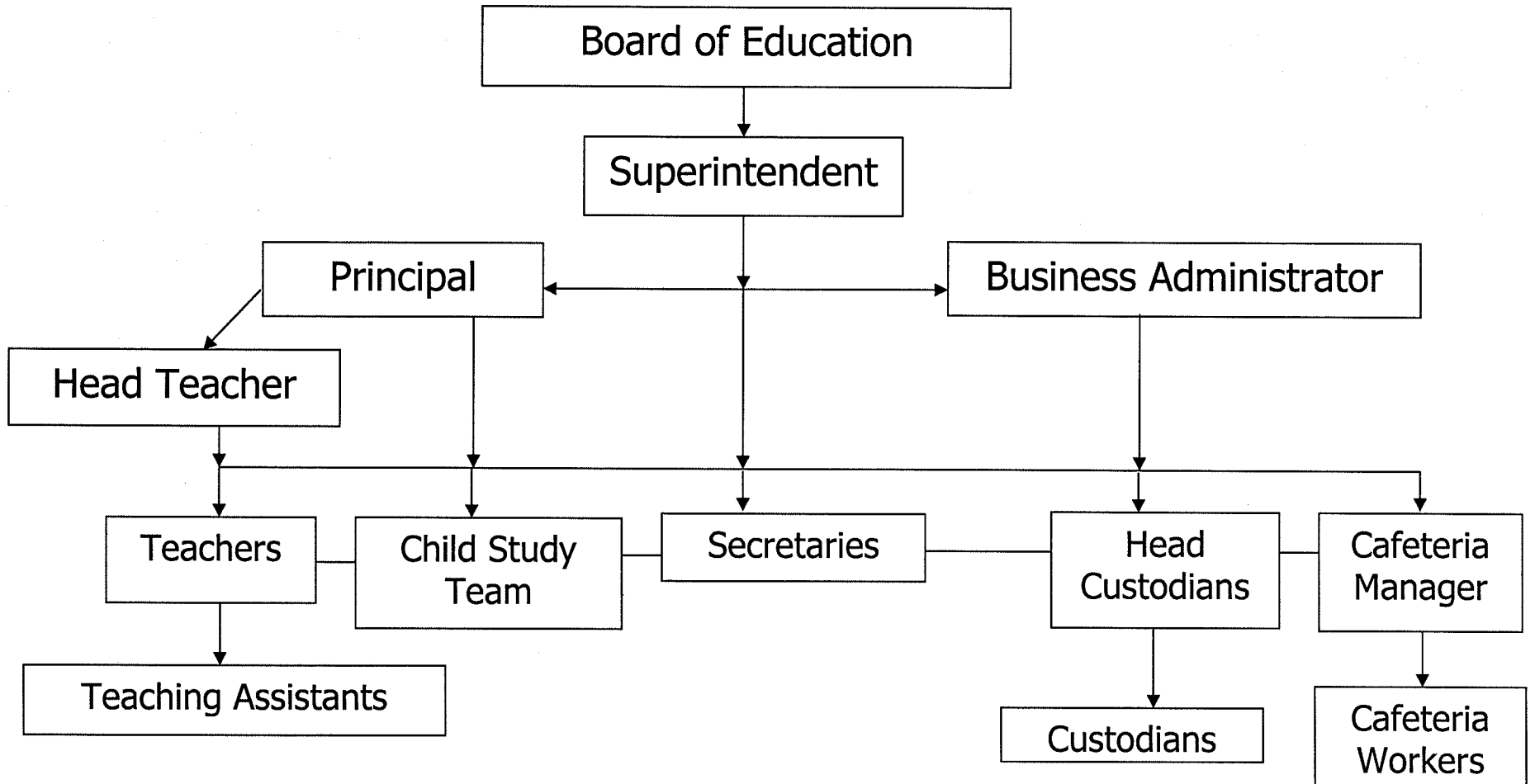


Kristin Williams, Chief School Administrator



Karen Mathews
Business Administrator/Board Secretary

Mannington Township School Organizational Chart



MANNINGTON TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Carmen Porter, President	2020
Eric Buzby, Vice President	2020
Patricia Skwirut	2019
Robert DiGregorio	2019
Melanie Richman	2018
Scott Robinson	2018
Michael Bower	2019
<u>OTHER OFFICIALS</u>	<u>SURETY BOND</u>
Ms. Kristin Williams, Chief School Administrator	
Mrs. Karen Mathews, Business Administrator	\$ 150,000
Mr. Mark Toscano, Esquire, Solicitor	

MANNINGTON TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Mr. Mark G. Toscano, Esq.
Comegno Law Group, PC
521 Pleasant Valley Avenue
Moorestown, New Jersey 08057

OFFICIAL DEPOSITORY

Fulton Bank
Route 45
Salem, New Jersey 08079

INSURANCE AGENCY

Conner Strong Co., Inc.
PO Box 989
Marlton, NJ 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Mannington Township School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Mannington Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Mannington Township Board of Education in the County of Salem, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

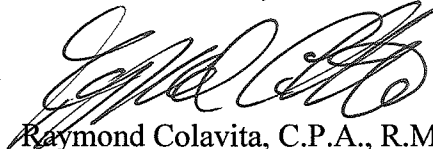
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 22, 2019 on our consideration of the Mannington Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mannington Township Board of Education's of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Mannington Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
January 22, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Mannington Township School District Management Discussion and Analysis

(Unaudited)

This section of the Mannington Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2018. Comparative information between the current year (2017-18) and the prior year (2016-17) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

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

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

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

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

Key financial highlights for 2018 are as follows:

- General revenues accounted for \$4,306,279 in revenue or 90% 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 \$493,977 or 10% percent to total revenues of \$4,800,256.
- Total net position of governmental activities increased by \$434,306, comprised of changes in various assets and liabilities. The net position of the Business-type Activities decreased by \$1,954.

- The School District had \$4,363,996 in expenses, of which \$493,977 of these expenses were offset by program specific charges for services, grants or contributions. Revenues (primarily federal awards, state aid and property taxes) of \$4,306,279 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities.
- The General Fund had \$3,654,407 in revenues, \$3,257,483 in expenditures and no other net financing uses during the year. The General Fund's balance increased \$388,661 over 2017, which included a transfer to the Food Service Fund of \$8,263. This increase was anticipated by the Board of Education as fund balance was used to balance the budget.

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

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

The District may implement four types of funds:

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

The School District as a Whole

Table 1 provides a comparative summary of the School District's net position for the years ended in 2017 and 2018.

Table 1
Net Position

	2018	2017
Assets		
Current and Other Assets	\$ 1,933,338	\$ 1,542,611
Capital Assets, Net	1,148,407	1,223,485
Total Assets	<u>3,081,745</u>	<u>2,766,096</u>
Deferred Outflows of Resources	<u>272,945</u>	<u>396,013</u>
Liabilities		
Current Liabilities	897,992	1,236,877
Long-term Liabilities	1,203,248	1,323,963
Total Liabilities	<u>2,101,240</u>	<u>2,560,840</u>
Deferred inflows of Resources	<u>290,115</u>	<u>74,194</u>
Net Position		
Invested in Capital Assets, Net of Debt	48,737	(7,353)
Restricted	1,700,813	1,297,747
Unrestricted	<u>(786,215)</u>	<u>(763,319)</u>
Total Net Position	<u>\$ 963,335</u>	<u>\$ 527,075</u>

Table 2 shows the changes in net position from fiscal years 2018 and 2017.

Table 2
Changes in Net Position

	2018	2017
Revenues		
Program Revenues		
Charges for Services	\$ 36,714	\$ 40,983
Operating Grants	457,263	440,923
General Revenues		
Property Taxes	2,778,226	2,867,483
Grants and Entitlements	1,440,895	1,290,148
Other	87,158	65,018
Total Revenues	4,800,256	4,704,555
Program Expenses		
Instruction	1,287,682	1,288,376
Tuition	375,095	394,633
Pupil and Instructional Staff	359,453	286,975
General Administration, School		
Administration, Business	262,995	284,231
Operations and Maintenance of Facilities	222,436	238,401
Pupil Transportation	212,593	203,239
Employee Benefits	1,548,464	1,391,635
Interest on Debt	28,247	30,985
Food Service	62,682	82,809
SACC	4,349	
Total Expenses	4,363,996	4,201,284
Increase in Net Position	\$ 436,260	\$ 503,271

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the \$4,731,271 in Governmental revenue, District's Property taxes made up 59% of these revenues for governmental activities. Restricted and Unrestricted Federal, state and local grants accounted for another 40% and other revenues accounted for 1%. The total cost of services, as shown below, was \$4,296,965. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$3,863,710. Instruction comprises 29% of these District expenses.

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

Table 3

	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 1,287,682	\$ 1,139,624	\$ 1,288,376	\$ 1,145,366
Tuition	375,095	375,095	394,633	394,633
Pupil and Instructional Staff	359,453	289,405	286,975	227,175
General administration, school administration, business	262,995	262,995	284,231	284,231
Operation and maintenance of facilities	222,436	222,436	238,401	238,401
Pupil Transportation	212,593	212,593	203,239	203,239
Employee Benefits	1,548,464	1,333,315	1,391,635	1,184,408
Interest and fiscal charges	28,247	28,247	30,985	30,985
Total Expenses	<u>\$ 4,296,965</u>	<u>\$ 3,863,710</u>	<u>\$ 4,118,475</u>	<u>\$ 3,708,438</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) are related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

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

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

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

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

Business-Type Activities

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

- Expenses exceeded program revenues by \$6,309. This deficit was anticipated by the board, as surplus was available from the prior year.
- Charges for services represent \$36,714 of revenue, which was a decrease of \$4,269 from the prior year. This represents amount paid by patrons for daily food service and SACC activities. There was no other non-operating revenue.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$24,008.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (general fund, special revenue fund, capital projects and debt service fund-based statements) had total revenues of \$4,069,619, expenditures of \$3,673,773 and another net financing use reporting \$8,263 transferred to the Food Service Fund during the year. The net positive change in fund balance for the year was \$387,348, which demonstrates that the District was fully able to meet current operating costs without the use of fund balance. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) from 2017	Percent Increase/ (Decrease)
Local Sources	\$ 2,865,384	70.41%	\$ (67,117)	-2.29%
State Sources	1,009,417	24.80%	33,756	3.46%
Federal Sources	194,818	4.79%	12,615	6.92%
	<u>\$ 4,069,619</u>	<u>99.99%</u>	<u>\$ (20,746)</u>	<u>-0.55%</u>

The decrease in Local sources is attributed to decreases in debt service tax levy of \$3,856, the general fund local tax levy of \$85,401 and other miscellaneous revenues of \$1,643, offset by an increase in tuition revenue of \$23,783.

The increase in State sources of \$33,756 is attributed to increases in general fund aid of \$33,493 and restricted state grants of \$8,976, offset by a decrease of \$8,713 in debt service aid.

The above schedule includes the last state aid payments for 2016-2017 of \$56,095 received in July 2017 and does not include the last state aid payments for 2017-2018 received in July 2018 in the amount of \$55,001.

The decrease in Federal sources is due to changes in various grants. In addition, the 2017 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2018 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) from 2017	Percent Increase/ (Decrease)
Current:				
Instruction	\$ 1,210,172	32.94%	\$ 4,312	0.36%
Undistributed expenditures	2,249,305	61.23%	102,846	4.79%
Capital Outlay	54,881	1.49%	(21,497)	-28.15%
Debt Service:				
Principal	135,000	3.68%	0	0.00%
Interest	24,415	0.66%	472	1.97%
Total	<u>\$ 3,673,773</u>	<u>100.00%</u>	<u>\$ 86,133</u>	<u>2.40%</u>

The increase in instructional expenditures is attributed to an increase in special education instruction of \$5,929, offset by a decrease in regular instruction of \$1,617.

The increase in undistributed expenditures was due to increases in student instruction related services of \$73,792, pupil transportation expenses of \$9,354 and employee benefit costs of \$74,412, offset by decreases in tuition costs of \$19,538, maintenance cost of \$15,084 and in administration/central services costs of \$20,090.

The decrease in capital outlay of \$21,497 is attributed to decreased capital expenditures for equipment.

The change in debt service results from an increase in interest cost.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2018, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

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

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase of \$387,567 as shown on Exhibit C-1.

- Actual revenues were \$34,338 more than expected, excluding on-behalf pension and social security reimbursements of \$348,464, due to various state aid allotments and miscellaneous revenues.
- Actual expenditures were \$687,750 lower than expected, offset by the state on-behalf pension and social security reimbursements of \$348,464 resulting in the reportable favorable variance of \$339,286 as shown on Exhibit C-1.

Capital Assets

At the end of the fiscal year 2018, the School District had \$1,139,240 (net of accumulated depreciation) invested in Governmental land, buildings, furniture and equipment, and vehicles and \$9,167 in Business Activity equipment. Table 4 shows fiscal 2018 balances compared to 2017.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 6,207	\$ 6,207
Land Improvements	365	608
Building and Improvements	1,009,114	1,091,449
Machinery and Equipment	132,721	125,221
Totals	<u>\$ 1,148,407</u>	<u>\$ 1,223,485</u>

Overall capital assets decreased by \$75,078 from fiscal year 2017 to fiscal year 2018. The decrease consisted of \$129,959 in depreciation expense, offset by additions of \$54,881.

Long-Term Debt:

At year-end, the District had no outstanding capital lease principal, school bonds in the amount of \$1,130,000 and compensated absences of \$73,248. There was no other outstanding authorized debt (Note 6). The remaining available amount of debt permitted to be authorized is \$5,012,195, as shown on Exhibit J-13.

Factors Bearing on the District's Future

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

- Collective Bargaining unit is in effect until June 30, 2020
- State Formula Aid for fiscal year 2017-2018 decreased.
- Special revenues have increased in the overall funds year to year.
- Every possible grant prospect is availed to increase and supply the best educational opportunities for students.
- Together in Education at Mannington "TEAM" (parent group) has assisted the district by providing funds for field trips and student achievement awards.
- Bonds issued in 2006 were refunded in 2016 to take advantage of a lower interest rate. This refunding will provide a savings to the taxpayers in the way of a lower yearly debt service payment.
- Ratables have decreased significantly due to the revaluation of the Memorial Hospital of Salem County and may continue to decrease if the status of the hospital changes to non-profit.

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 868,376	\$ 1,088	\$ 869,464
Receivables, Net	23,839	1,431	25,270
Inventory		167	167
Restricted Assets:			
Capital Reserve Account - Cash	883,437		883,437
Maintenance Reserve Account - Cash	155,000		155,000
Capital Assets, Net (Note 6):	1,139,240	9,167	1,148,407
Total Assets	3,069,892	11,853	3,081,745
DEFERRED OUTFLOWS OF RESOURCES:			
Other Deferred Outflows	37,600		37,600
Deferred Pension Outflows	235,345		235,345
Total Deferred Outflows	272,945		272,945
LIABILITIES			
Current Liabilities:			
Accounts Payable	24,813		24,813
Accrued Interest Payable	7,270		7,270
Unearned Revenue		1,154	1,154
Net Pension Liability	864,755		864,755
Noncurrent Liabilities:			
Due Within One Year	144,810		144,810
Due Beyond One Year	1,058,438		1,058,438
Total Liabilities	2,100,086	1,154	2,101,240
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	290,115		290,115
Total Deferred Inflows	290,115		290,115
NET POSITION			
Invested in Capital Assets, Net of Related Debt (Deficit)	39,570	9,167	48,737
Restricted for:			
Capital Reserve	883,437		883,437
Maintenance Reserve	155,000		155,000
Excess Surplus	649,330		649,330
Other Purposes	13,046		13,046
Unrestricted (Deficit)	(787,747)	1,532	(786,215)
Total Net Position	\$ 952,636	\$ 10,699	\$ 963,335

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>				
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
Governmental Activities							
Instruction:							
Regular	\$ 1,169,907		\$ 148,058	\$ (1,021,849)		\$ (1,021,849)	
Special Education	117,336			(117,336)		(117,336)	
Other instruction	439			(439)		(439)	
Support Services:							
Tuition	375,095			(375,095)		(375,095)	
Student & Instruction Related Services	359,453		70,048	(289,405)		(289,405)	
General and Business Administrative Services	76,612			(76,612)		(76,612)	
School Administrative Services	84,183			(84,183)		(84,183)	
Central Services	102,200			(102,200)		(102,200)	
Plant Operations and Maintenance	222,436			(222,436)		(222,436)	
Pupil Transportation	212,593			(212,593)		(212,593)	
Employee Benefits	1,548,464		215,149	(1,333,315)		(1,333,315)	
Interest on Long-term Debt	28,247			(28,247)		(28,247)	
Total Governmental Activities	<u>4,296,965</u>		<u>433,255</u>	<u>(3,863,710)</u>		<u>(3,863,710)</u>	
Business-type Activities:							
Food Service	62,682	30,833	24,008		(7,841)	(7,841)	
SACC	4,349	5,881			1,532	1,532	
Total Business-type Activities	<u>67,031</u>	<u>36,714</u>	<u>24,008</u>		<u>(6,309)</u>	<u>(6,309)</u>	
Total Primary Government	<u>\$ 4,363,996</u>	<u>\$ 36,714</u>	<u>\$ 457,263</u>	<u>(3,863,710)</u>	<u>(6,309)</u>	<u>(3,870,019)</u>	
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes				2,668,575		2,668,575	
Taxes Levied for Debt Service				109,651		109,651	
Federal and State Aid not Restricted				1,440,895		1,440,895	
Tuition Received				70,600		70,600	
Investment Earnings				3,055		3,055	
Miscellaneous Income				13,503		13,503	
Transfer				(8,263)	8,263		
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>4,298,016</u>	<u>8,263</u>	<u>4,306,279</u>	
				Change in Net Position	434,306	1,954	436,260
				Net Position—Beginning (Deficit)	518,330	8,745	527,075
				Net Position—Ending	<u>\$ 952,636</u>	<u>\$ 10,699</u>	<u>\$ 963,335</u>

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

MANNINGTON TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 852,723	\$	\$ 13,046	\$ 865,769
Cash - Capital Reserve	883,437			883,437
Cash - Maintenance Reserve	155,000			155,000
State Aid Receivable	1,667			1,667
Federal Aid Receivable		20,272		20,272
Receivables from Other Governments	1,900			1,900
Interfunds Receivables	4,025			4,025
Total Assets	\$ 1,898,752	\$ 20,272	\$ 13,046	\$ 1,932,070
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$	\$ 24,813	\$	\$ 24,813
Interfund Payable		1,418		1,418
Total Liabilities		26,231		26,231
Fund Balances:				
Restricted For:				
Capital Reserve	883,437			883,437
Maintenance Reserve	155,000			155,000
Excess Surplus	326,301			326,301
Excess Surplus - Designated for Subsequent Year's Expenditures	323,029			323,029
Assigned to Year-End Encumbrance	14,826			14,826
Assigned to Subsequent Year's Expenditures			13,046	13,046
Unassigned, Reported In:				
General Fund	196,159			196,159
Special Revenue Fund (Deficit)		(5,959)		(5,959)
Total Fund Balances (Deficit)	1,898,752	(5,959)	13,046	1,905,839
Total Liabilities and Fund Balances	\$ 1,898,752	\$ 20,272	\$ 13,046	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,928,851 and the accumulated depreciation is \$1,789,611 (Note 6).	1,139,240
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 7).	(1,203,248)
Deferred Outflow of Resources - Deferred Pension Contribution	235,345
Deferred Outflow of Resources - Debt Refinancing	37,600
Deferred Inflows of Resources - Pension Actuarial Gains	(290,115)
Long Term Net Pension Liability	(864,755)
Accrued Interest on Bonds not payable until the next year	(7,270)
Net position of governmental activities	\$ 952,636

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local sources:				
Local Tax Levy	\$ 2,668,575	\$	\$ 109,651	\$ 2,778,226
Tuition from Other LEAs	70,600			70,600
Interest Earned	3,055			3,055
Miscellaneous	11,038	2,465		13,503
Total Local Sources	2,753,268	2,465	109,651	2,865,384
State Sources	901,139	58,514	49,764	1,009,417
Federal Sources		194,818		194,818
Total Revenues	3,654,407	255,797	159,415	4,069,619
EXPENDITURES				
Current:				
Regular Instruction	947,867	148,058		1,095,925
Special Education Instruction	114,247			114,247
Support Services:				
Tuition	375,095			375,095
Student & Instruction Related Services	269,032	70,048		339,080
General Administration	68,390			68,390
School Administrative Services	80,033			80,033
Central Services	96,822			96,822
Plant Operations and Maintenance	208,798			208,798
Pupil Transportation	212,593			212,593
Employee Benefits	843,387	25,107		868,494
Capital Outlay	41,219	13,662		54,881
Debt Service:				
Principal			135,000	135,000
Interest and Other Charges			24,415	24,415
Total Expenditures	3,257,483	256,875	159,415	3,673,773
Excess (Deficiency) of Revenues Over Expenditures	396,924	(1,078)		395,846
OTHER FINANCING SOURCES (USES)				
Transfers Out - Food Service Fund	(8,263)			(8,263)
Total Other Financing Sources and Uses	(8,263)			(8,263)
Net Change in Fund Balances	388,661	(1,078)		387,583
Fund Balance—July 1 (Deficit)	1,510,091	(4,881)	13,046	1,518,256
Fund Balance—June 30 (Deficit)	\$ 1,898,752	\$ (5,959)	\$ 13,046	\$ 1,905,839

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

MANNINGTON TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (from B-2)	\$ 387,583
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	\$ (129,271)
Capital Outlays	<u>54,881</u>
	(74,390)
Pension Expense recognized for GAAP but not for Budgetary purposes.	
In the statement of activities, certain operating expenses are measured by the amounts earned during the year, such as compensated absences. In the governmental funds, however, expenditures are reported when the corresponding financial resources are used or paid.	
	(14,285)
Repayment of capital lease principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of net position.	
Repayment of Serial Bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of net assists.	
	135,000
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.	
	4,230
In the statement of activities, interest on long term debt is accrued, regardless of when due, In the Governmental funds, interest is reported when due for payment.	
	868
Premium on Bond Refunding is reported in governmental funds as another financing source. However, in the statement of activities, the premium is reflected as a deferred outflow.	
	<u>(4,700)</u>
Change in net position of governmental activities (A-2)	\$ <u>434,306</u>

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

PROPRIETARY FUNDS

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities			Governmental Activities Internal Service Fund
	Enterprise Fund			
	Food Service	SACC Program	Total Enterprise	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,298	\$ 1,397	\$ 3,695	\$
Accounts Receivable	1,022	409	1,431	
Inventory	167		167	
Total Current Assets	3,487	1,806	5,293	
Noncurrent Assets:				
Furniture, Machinery & Equipment	13,345		13,345	
Less Accumulated Depreciation	(4,178)		(4,178)	
Total Noncurrent Assets	9,167		9,167	
Total Assets	\$ 12,654	\$ 1,806	\$ 14,460	\$
LIABILITIES AND FUND EQUITY:				
Current Liabilities:				
Unearned Revenue	\$ 880	\$ 274	\$ 1,154	\$
Due to General Fund	2,607		2,607	
Total Current Liabilities	3,487	274	3,761	
Net Position				
Invested in Capital Assets, Net of Related Debt	9,167		9,167	
Unrestricted		1,532	1,532	
Total Net Position	9,167	1,532	10,699	
Total Liabilities & Net Position	\$ 12,654	\$ 1,806	\$ 14,460	\$

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

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities Enterprise Fund			Governmental Activities Internal Service Fund
	Food Service	SACC Program	Totals	
Operating Revenues:				
Charges for Services:				
Daily Sales Reimbursable Programs	\$ 19,588		\$ 19,588	
Daily Sales Non-Reimbursable Programs	11,245		11,245	
SACC Revenue		5,881	5,881	
Total Operating Revenue:	30,833	5,881	36,714	
Operating Expenses:				
Cost of Sales - Reimbursable Programs	38,364		38,364	
Cost of Sales - Non-Reimbursable Programs	9,235		9,235	
Salaries	12,935	3,741	16,676	
Employee Benefits	981	283	1,264	
General Supplies	326	325	651	
Other Purchased Services	153		153	
Depreciation	688		688	
Total Operating Expenses	62,682	4,349	67,031	
Operating Income (Loss)	(31,849)	1,532	(30,317)	
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	500		500	
Federal Sources:				
National School Lunch Program	15,782		15,782	
School Breakfast Program	3,084		3,084	
Food Distribution Program	4,642		4,642	
Total Non-operating Revenues (Expenses)	24,008		24,008	
Income (Loss) Before Contributions & Transfers	(7,841)	1,532	(6,309)	
Transfers In (Out)	8,263		8,263	
Change in Net Position	422	1,532	1,954	
Total Net Position - Beginning	8,745		8,745	
Total Net Position - Ending	\$ 9,167	\$ 1,532	\$ 10,699	

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

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities			Governmental Activities Internal Service Fund
	Enterprise Funds			
	Food Service	SACC Program	Total Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 30,833	\$ 5,881	\$ 36,714	\$
Payments to Employees	(12,935)	(3,741)	(16,676)	
Payments for Employee Benefits	(981)	(283)	(1,264)	
Payments to Suppliers	(51,013)	(460)	(51,473)	
Net Cash Provided by (Used for) Operating Activities	(34,096)	1,397	(32,699)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	500		500	
Federal Sources	23,508		23,508	
Operating Transfer In-General Fund	8,263		8,263	
Net Cash Provided by (Used for) Non-capital Financing Activities	32,271		32,271	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Purchase of Fixed Assets				
Net Cash Provided by (Used for) Capital Financing Activities				
Net Increase (Decrease) in Cash and Cash Equivalents	(1,825)	1,397	(428)	
Balances—Beginning of Year	4,123		4,123	
Balances—End of Year (Cash Overdraft)	\$ 2,298	\$ 1,397	\$ 3,695	\$
Reconciliation of Operating Income (Loss) to Net Cash Provided				
(Used) by Operating Activities:				
Operating Income (Loss)	\$ (31,849)	\$ 1,532	\$ (30,317)	\$
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided by (Used for) Operating Activities:				
Depreciation and Net Amortization	688		688	
(Increase) Decrease in Accounts Receivable, Net	254	(409)	(155)	
(Increase) Decrease in Inventory	(19)		(19)	
Increase (Decrease) in Unearned Revenue	(3,263)		(3,263)	
Increase (Decrease) in Due to General	93	274	367	
Total Adjustments	(2,247)	(135)	(2,382)	
Net Cash Provided by (Used for) Operating Activities	\$ (34,096)	\$ 1,397	\$ (32,699)	\$

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

FIDUCIARY FUNDS

MANNINGTON TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency Fund</u>	<u>Student Activity</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,000	\$ 12,160
Accounts Receivable		319
Due from Employees	228	
Total Assets	<u>\$ 1,228</u>	<u>\$ 12,479</u>
LIABILITIES		
Due to Student Groups	\$	\$ 11,984
Payroll Deductions and Withholdings	228	
Medical Reimbursement Plan	1,000	
Unearned Revenue		495
Total Liabilities	<u>\$ 1,228</u>	<u>\$ 12,479</u>

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Mannington Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the District is to educate students in grades Pre K-8. The Mannington Township School District had an approximate enrollment at June 30, 2018 of 152.

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

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

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

A. Basis of Presentation: (continued)

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

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

B. Fund Accounting:

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

GOVERNMENTAL FUNDS

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

B. Fund Accounting: (continued)

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

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

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

PROPRIETARY FUNDS

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

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

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

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

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

Food Service Fund - Equipment

12 Years

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

FIDUCIARY FUNDS

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

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

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

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

C. Basis of Accounting and Measurement Focus:

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

D. Budgets/Budgetary Control:

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

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

E. Encumbrance Accounting:

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

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

F. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 2015-16, 2016-17, and 2017-18 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses:

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

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

J. Assets, Liabilities and Equity:

Transactions

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

Inventories

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

J. Assets, Liabilities and Equity: (continued)

Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018. At June 30, 2018, there was \$154 of supplies and \$13 of food in ending inventory in the Food Service Fund.

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

Capital Assets

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2018 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

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

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

K. Compensated Absences:

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

L. Unearned Revenue:

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

M. Operating Revenues and Expenses:

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

N. Allocation of Indirect Expenses:

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

O. Extraordinary and Special Items:

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

P. Lease Acquisition Costs:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2018.

Q. Fund Equity:

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

R. Comparative Data/Reclassifications:

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

S. Management Estimates:

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

T. Accrued Liabilities and Long-term Obligations:

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

U. Net Position:

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

V. Fund Balance Reserves:

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

W. Revenues – Exchange and Non-exchange Transactions:

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

New Accounting Standards:

The School District has adopted the following GASB statements:

- **GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*:** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the School District.
- **GASB No. 85 - *Omnibus 2017*:** The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85 is not expected to impact the financial statements of the School District.
- **GASB No. 86 - *Certain Debt Extinguishment Issues*:** The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 86 is not expected to impact the financial statements of the School District.

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Continued):

- GASB No. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.
- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.
- GASB No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the School District's financial statements.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Continued):

- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.

- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2018, the District had no funds on deposit with the New Jersey Cash Management.

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

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2018, the School District's bank balance of \$2,007,038 was subject to custodial credit risk as follows:

Insured by Depository Insurance	\$ 250,000
Collateralized under GUDPA	<u>1,757,038</u>
Total	\$ <u>2,007,038</u>

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

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

As of June 30, 2018, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash</u> <u>Equivalents</u>
Checking Accounts	\$ <u>1,919,821</u>

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 567,600
Interest Earnings	837
Deposits - Approved by Resolution	315,000
	<hr/>
Ending Balance, June 30, 2018	\$ 883,437
	<hr/>

The balance in Capital Reserve at June 30, 2018 is to be within the LRFPP maximum balance of local support costs of uncompleted capital projects.

NOTE 5. OPERATING LEASES

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 5,856
2020	5,856
2021	5,856
	<hr/>
Total	\$ 17,568
	<hr/>

The District has the following lease payments remaining for their mailing system:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 830
2020	830
2021	830
2022	830
	<hr/>
Total	\$ 3,320
	<hr/>

The total operating lease payments made during the year ended June 30, 2018 were \$6,202.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 6,207	\$ -	\$ -	\$ 6,207
Total Capital Assets not being Depreciated	6,207			6,207
Land Improvements	32,965			32,965
Building and Building Improvements	2,620,531	29,951		2,650,482
Machinery and Equipment	221,295	24,930	(7,028)	239,197
Totals at Historical Cost	2,874,791	54,881	(7,028)	2,922,644
Less Accumulated Depreciation for:				
Land Improvements	(32,357)	(243)		(32,600)
Building and Improvements	(1,529,082)	(112,286)		(1,641,368)
Equipment	(105,929)	(16,742)	7,028	(115,643)
Total Accumulated Depreciation	(1,667,368)	(129,271)	7,028	(1,789,611)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	1,207,423			1,133,033
Government Activities Capital Assets, Net	\$ 1,213,630	\$ (74,390)	\$ -	\$ 1,139,240
	To A-1			To A-1
Business-type Activities - Equipment	\$ 13,345			\$ 13,345
Less Accumulated Depreciation	(3,490)	(688)		(4,178)
Business-type Activities Capital Assets, Net	\$ 9,855	\$ (688)	\$ -	\$ 9,167
Depreciation expense was charged to governmental functions as follows:				
Instruction:				
Regular		\$ 73,982		
Special Education		3,090		
Other Instruction		440		
Support Services:				
Student & Instruction Related Services		20,373		
School Administration		8,222		
General & Business Administrative Services		4,150		
Central Services		5,378		
Plant Operations and Maintenance		13,638		
Total Depreciation Expense			\$ 129,271	

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectable in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

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

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Special Revenue Fund</u>
Receivables:			
Intergovernmental	\$ 3,567	\$ 1,431	\$ 20,272
	<u> </u>	<u> </u>	<u> </u>

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Serial Bonds	\$ 1,265,000	\$	\$ 135,000	\$ 1,130,000	\$ 135,000	\$ 995,000
Obligations under capital lease						
Compensated absences payable	58,963	22,698	8,413	73,248	9,810	63,438
Total other liabilities	<u>\$ 1,323,963</u>	<u>\$ 22,698</u>	<u>\$ 143,413</u>	<u>\$ 1,203,248</u>	<u>\$ 144,810</u>	<u>\$ 1,058,438</u>

To A-1

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

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 135,000	\$ 21,809	\$ 156,809
2020	140,000	19,204	159,204
2021	140,000	16,502	156,502
2022	145,000	13,799	158,799
2023	145,000	11,001	156,001
2024	140,000	8,203	148,203
2025	145,000	5,501	150,501
2026	140,000	2,702	142,702
	<u>\$ 1,130,000</u>	<u>\$ 98,720</u>	<u>\$ 1,228,720</u>

B. Bonds Authorized But Not Issued - As of June 30, 2018, the District had no bonds authorized but not issued.

C. Capital Leases - As of June 30, 2018, the District had no Capital Leases.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9. MAINTENANCE RESERVE

As of June 30, 2018, the balance in the maintenance reserve is \$155,000.

NOTE 10. PENSION PLANS

Description of Plans - All required employees of the School District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The following represents the membership tiers for PERS and TPAF:

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

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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 is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.34% of employees' annual compensation through June 30, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$34,877 and \$36,200 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

The total payroll for the year ended June 30, 2018 was \$1,622,494. Payroll covered by PERS was \$193,672 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 14,214
District	<u>34,877</u>
Total	\$ <u>49,091</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

<u>Public Employees Retirement System</u>					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2018	\$ 4,530	\$ 28,207	\$ 34,877	\$ N/A	\$ 34,877

Components of Net Pension Liability - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$864,755. 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 procedures 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 District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017 was 0.003715% which was a decrease of 0.00035% from its proportion measured as of June 30, 2016.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2018 PERS pension expense, with respect to GASB 68, was \$29,140. The District's 2018 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,362	\$
Changes of assumptions	174,218	173,580
Net difference between projected and actual earnings on pension plan investments	5,888	
Changes in proportion		116,535
Contributions subsequent to the measurement date	<u>34,877</u>	
Total	<u>\$ 235,345</u>	<u>\$ 290,115</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

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

Year		PERS
2018	\$	(29,813)
2019		557
2020		(11,614)
2021		(44,242)
2022		(4,536)
Thereafter		
Total	\$	(89,648)

Additional Information - Collective Balances at June 30, 2018 and 2017 are as follows:

Year		6/30/2018		6/30/2017
Collective deferred outflows of resources	\$	235,345	\$	353,713
Collective deferred inflows of resources	\$	290,115	\$	74,194
Collective Net Pension Liability	\$	864,755	\$	1,203,274
District's Proportion		0.003715%		0.004063%

Actuarial 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US 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%
Client 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%
Total	100.00%	

Discount Rate - The discount rate as of June 30, 2017 used to measure the total pension liability was 5.00% for PERS. 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 the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

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 for PERS. 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.

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 were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 1,072,787	\$ 864,755	\$ 691,438

Teachers' Pension and Annuity Fund

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

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

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/18	\$ 158,239	100 %	\$ N/A
6/30/17	196,667	100	N/A
6/30/16	196,667	100	N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$158,239 to the TPAF for pension contributions, \$102,204 for post-retirement benefits on behalf of the School, and \$183 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$87,838 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2018, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

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

Pension Expense - For the year ended June 30, 2018, the District recognized pension expense of \$500,480 and revenue of \$500,480 for support provided by the State.

Actuarial 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.25%

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US 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%
Client 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%
Total	<u>100.00%</u>	

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 the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 – As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The state paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2017, was \$53,639,841,858. Of this amount, the total OPEB liability attributable to the School District was \$8,658,006. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.01614%. The total OPEB liability for the School District measured as of June 30, 2017 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2017 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS
Inflation Rate	2.50%	2.50%
	Based on	Based on
Salary Increases:	Years of Service	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

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 the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections 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 actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially 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 trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend 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.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Discount rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. 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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2016 Measurement Date	\$ <u>9,448,374</u>
Changes for the year:	
Service cost	285,996
Interest cost	274,696
Changes of benefit terms	
Differences between expected and actual	
Changes in assumptions or other inputs	(1,157,906)
Member contributions	7,384
Gross benefit payments	<u>(200,538)</u>
Net changes	<u>(790,368)</u>
Balance as of June 30, 2017 Measurement Date	\$ <u><u>8,658,006</u></u>

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB 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:

	June 30, 2017		
	At 1.00% Decrease	At Discount Rate	At 1.00% Increase
	2.58%	3.58%	4.58%
\$	63,674,362,200	53,639,841,858	45,680,364,953

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$	44,113,584,560	53,639,841,858	66,290,599,457

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

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

For the year ended June 30, 2018, the School District recognized OPEB expense of \$429,878. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions		1,023,948
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion		89,880
Contributions subsequent to the measurement date		
Total	\$	\$ 1,113,828

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,		OPEB
2018	\$	107,332
2019		107,332
2020		107,332
2021		107,332
2022		107,332
Thereafter		379,956
Total	\$	916,616

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12. COMPENSATED ABSENCES

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, there was no liability for compensated absences in the Food Service Fund.

NOTE 13. DEFERRED COMPENSATION

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

Lincoln Investments
Voya

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 4,025	\$
Special Revenue Fund		1,418
Food Service Fund		2,607
Total	\$ 4,025	\$ 4,025

NOTE 15. RISK MANAGEMENT

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 16. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,898,752 General Fund balance at June 30, 2018, \$883,437 is restricted for Capital Reserve; \$14,826 is assigned for Encumbrances; \$155,000 was restricted as Maintenance Reserve; \$649,330 was restricted as excess surplus at June 30, 2018 in accordance with N.J.S.A. 18A:7F-7; of which \$323,029 has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; and \$196,159 is unreserved and undesignated.

Debt Service Fund – The unrestricted and undesignated Debt Service fund balance at June 30, 2018 is \$13,046.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus fund balance of \$326,301 at June 30, 2018, must be budgeted in the 2018-19 budget.

NOTE 18. LITIGATION

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

NOTE 19. TAX ABATEMENT

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit fund balance in the Special Revenue Fund of \$5,959 as of June 30, 2018 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties. The deficit of \$5,959 is equal to the 19th and 20th payments received in July 2018.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

MANNINGTON TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,668,575	\$	\$ 2,668,575	\$ 2,668,575	\$
Tuition from Individuals	50,000		50,000	70,600	20,600
Interest on Capital Reserve	25		25	837	812
Interest on Investments				2,218	2,218
Miscellaneous	1,975		1,975	11,038	9,063
Total - Local Sources	2,720,575		2,720,575	2,753,268	32,693
State Sources:					
Equalization Aid	33,846		33,846	33,846	
Categorical Transportation Aid	117,432		117,432	117,432	
Categorical Special Education Aid	101,080		101,080	101,080	
Categorical Security Aid	29,905		29,905	29,905	
Adjustment Aid	262,863		262,863	262,863	
Professional Learning Community Aid	1,670		1,670	1,670	
PARCC Readiness Aid	1,570		1,570	1,570	
Per Pupil Growth Aid	1,570		1,570	1,570	
Non-public Transportation Aid				1,160	1,160
Lead Testing Reimbursement				485	485
On-Behalf TPAF Post Retirement Medical Contrib (non-budgeted)				102,204	102,204
On-Behalf TPAF Long-Term Disability Contrib (non-budgeted)				183	183
On-Behalf TPAF Pension Contribution (non-budgeted)				158,239	158,239
Reimbursement TPAF Social Security (non-budgeted)				87,838	87,838
Total - State Sources	549,936		549,936	900,045	350,109
Federal Sources:					
Total - Federal Sources					
TOTAL REVENUES	3,270,511		3,270,511	3,653,313	382,802
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	39,418		39,418	24,092	15,326
Kindergarten	119,500		119,500	104,509	14,991
Grades 1-5	493,249		493,249	428,561	64,688
Grades 6-8	308,750		308,750	269,264	39,486
Regular Programs - Home Instruction:					
Salaries of Teachers	1,500	9,100	10,600	1,770	8,830
Purchased Professional-Educational Services	3,000	3,000	6,000	1,324	4,676
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	24,490		24,490	23,072	1,418
Purchased Professional-Educational Services		1,775	1,775	340	1,435
Purchased Technical Services	31,000	(9,000)	22,000	18,616	3,384
Other Purchased Services	35,000	7,225	42,225	25,661	16,564
General Supplies	69,073	8,269	77,342	46,872	30,470
Textbooks	50,000	(500)	49,500	3,786	45,714
Other Objects	750	500	1,250	-	1,250
Total Regular Programs - Instruction	\$ 1,175,730	\$ 20,369	\$ 1,196,099	\$ 947,867	\$ 248,232

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES:					
Special Education - Instruction:					
Resource Room/Resource Center					
Salaries of Teachers	\$ 113,000	\$	\$ 113,000	\$ 112,469	\$ 531
General Supplies	3,000		3,000	1,778	1,222
Total Resource Room/Resource Center	<u>116,000</u>		<u>116,000</u>	<u>114,247</u>	<u>1,753</u>
Total Special Education - Instruction	<u>116,000</u>		<u>116,000</u>	<u>114,247</u>	<u>1,753</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers					
Total Basic Skills/Remedial - Instruction					
School Sponsored Co-curricular Activities					
Purchased Services	500		500		500
Other Objects	5,000		5,000		5,000
Total School Sponsored Co-curricular Activities	<u>5,500</u>		<u>5,500</u>		<u>5,500</u>
Total Instruction	<u>1,297,230</u>	<u>20,369</u>	<u>1,317,599</u>	<u>1,062,114</u>	<u>255,485</u>
Undistributed Expenditures:					
Instruction					
Tuition - Other LEAs Within the State - Regular	253,632		253,632	224,000	29,632
Tuition - Other LEAs Within the State - Special	16,500		16,500	16,500	
Tuition - County Voc. School Dist. - Regular	134,368		134,368	112,000	22,368
Co.Spec.Services and Regional Day Schools	76,126		76,126		76,126
Tuition - Private Schools/Disabled Within State	123,535	(15,750)	107,785	22,595	85,190
Total Instruction	<u>604,161</u>	<u>(15,750)</u>	<u>588,411</u>	<u>375,095</u>	<u>213,316</u>
Attendance and Social Work Services:					
Salaries	5,000	4,887	9,887	9,774	113
Total Attendance and Social Work Services	<u>\$ 5,000</u>	<u>\$ 4,887</u>	<u>\$ 9,887</u>	<u>\$ 9,774</u>	<u>\$ 113</u>

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Health Services:					
Salaries	\$ 58,000		\$ 58,000	\$ 56,819	\$ 1,181
Purchased Professional/Technical Services	3,550	(698)	2,852	2,593	259
Supplies and Materials	2,000	(1,000)	1,000	505	495
Total Health Services	63,550	(1,698)	61,852	59,917	1,935
Speech, OT, PT and Related Services:					
Purchased Professional/Educational Services	54,046	(14,000)	40,046	33,603	6,443
Total Speech, OT, PT and Related Services:	54,046	(14,000)	40,046	33,603	6,443
Special Education - Extraordinary Services					
Salaries	86,500		86,500	79,523	6,977
Purchased Professional/Educational Services	1,000		1,000		1,000
Total Special Education - Extraordinary Services	87,500		87,500	79,523	7,977
Other Support Services-Students-Special Services:					
Salaries of Secretarial and Clerical Assistants	2,500	7,331	9,831	9,774	57
Purchased Professional/Educational Services	35,387	(14,000)	21,387	21,374	13
Miscellaneous Purchased Services	200		200		200
Supplies and Materials	200		200		200
Total Other Support Serv-Students-Special Services	38,287	(6,669)	31,618	31,148	470
Improvement of Instruction Services:					
Salaries of Other Secretarial and Clerical Assistants	2,500	7,330	9,830	9,774	56
Purchased Professional Educational Services	20,000	(5,000)	15,000	2,750	12,250
Other Purchased Services	2,500		2,500		2,500
Total Improvement of Instruction Services	25,000	2,330	27,330	12,524	14,806
Educational Media Services/School Library:					
Salaries	5,000	28,950	33,950	33,949	1
Purchased Professional/Technical Services	1,500	(575)	925	885	40
Supplies and Materials	1,500	2,888	4,388	4,370	18
Total Educational Media Services/School Library	\$ 8,000	\$ 31,263	\$ 39,263	\$ 39,204	\$ 59

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Instructional Staff Training Services:					
Purchased Professional/Educational Services	\$ 1,311	\$ 5,000	\$ 6,311	\$ 1,959	\$ 4,352
Other Purchased Services	3,137		3,137	1,380	1,757
Total Instructional Staff Training Services	4,448	5,000	9,448	3,339	6,109
Support Services - General Administration:					
Salaries	40,000	(10,399)	29,601	29,526	75
Legal Fees	8,000		8,000	4,355	3,645
Audit Fees	12,500	(500)	12,000	11,993	7
Other Purchased Professional Services	3,000	-	3,000	2,750	250
Communications/Telephone	7,450	(750)	6,700	5,747	953
Other Purchased Services	9,500	950	10,450	9,371	1,079
General Supplies	1,000		1,000	477	523
BOE In-House Training/Meeting Supplies	100		100		100
Miscellaneous Expenditures	2,500		2,500	1,791	709
BOE Membership Dues and Fees	3,000		3,000	2,380	620
Total Support Services - General Administration	87,050	(10,699)	76,351	68,390	7,961
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	74,000	(250)	73,750	73,700	50
Salaries of Secretarial/Clerical Assistants	22,200	(16,061)	6,139	5,860	279
Supplies and Materials	1,000		1,000	473	527
Total Support Services - School Administration	97,200	(16,311)	80,889	80,033	856
Central Services:					
Salaries	86,250	(4,600)	81,650	80,987	663
Purchased Technical Services	9,500	4,305	13,805	13,784	21
Miscellaneous Purchased Services	500	250	750	750	
Supplies and Materials	1,000	(250)	750	473	277
Miscellaneous Expenditures	900	0	900	828	72
Total Central Services	98,150	(295)	97,855	96,822	1,033

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Operation and Maintenance of Plant Services:					
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve	\$	\$	\$	\$	\$
Salaries	30,000	10,056	40,056	40,056	
Cleaning, Repair and Maintenance Services	89,000	(12,776)	76,224	29,928	46,296
General Supplies	5,000	2,300	7,300	5,672	1,628
Total Required Maintenance for School Facilities	124,000	(420)	123,580	75,656	47,924
Undistributed Expenditures - Custodial Services					
Salaries	77,000	(47,500)	29,500	4,394	25,106
Salaries of Non- Instructional Aides	6,000		6,000	4,172	1,828
Purchased Professional/Technical Services	12,000		12,000	10,466	1,534
Cleaning, Repair and Maintenance Services	10,000	30,000	40,000	38,459	1,541
Insurance	15,000	2,000	17,000	12,033	4,967
Miscellaneous Purchased Services	500		500	210	290
General Supplies	11,000		11,000	10,232	768
Energy (Natural Gas)	25,000	5,500	30,500	27,259	3,241
Energy (Electricity)	32,000		32,000	25,702	6,298
Other Objects	250	-	250	215	35
Total Other Operation and Maint. of Plant Services	188,750	(10,000)	178,750	133,142	45,608
Total Operation and Maintenance of Plant Services	312,750	(10,420)	302,330	208,798	93,532
Student Transportation Services:					
Sal. For Pupil Trans (Bet Home & School)- Reg	5,000	4,887	9,887	9,774	113
Other Purchased Prof. And Technical Serv.	1,000		1,000		1,000
Contracted Serv. - Aid in Lieu of Payments- Non Put	6,500	1,600	8,100	7,020	1,080
Contracted Services (Home/School) Vendors	168,500	(1,600)	166,900	154,046	12,854
Contracted Services (Not Home/School) Vendors	2,500	1,000	3,500	1,304	2,196
Contracted Services (Regular Students) ESC's	18,500	21,500	40,000	38,000	2,000
Contracted Services (Special Education) ESC's	58,500	(22,500)	36,000	2,449	33,551
Total Student Transportation Services	260,500	4,887	265,387	212,593	52,794
Unallocated Benefits:					
Social Security Contributions	28,500		28,500	28,032	468
Other Retirement Contributions - PERS	39,000	(2,000)	37,000	36,906	94
Unemployment Compensation	7,000		7,000	6,917	83
Workmen's Compensation	19,000	1,350	20,350	20,342	8
Health Benefits	397,950	(17,750)	380,200	364,216	15,984
Tuition Reimbursement	8,000		8,000	8,000	
Other Employee Benefits	28,340	2,300	30,640	30,510	130
Total Unallocated Benefits	527,790	(16,100)	511,690	494,923	16,767
On-Behalf TPAF Post Retirement. Medical Contrib.(non-budgeted)				102,204	(102,204)
On-Behalf TPAF Long-Term Disability Contrib (non-budgeted)				183	(183)
On-Behalf TPAF Pension Contribution (non-budgeted)				158,239	(158,239)
Reimbursed TPAF Soc. Sec. Contrib. (non-budgeted)				87,838	(87,838)
Total Undistributed Expenditures	2,273,432	(43,575)	2,229,857	2,154,150	75,707
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 3,570,662	\$ (23,206)	\$ 3,547,456	\$ 3,216,264	\$ 331,192

MANNINGTON TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$	\$	\$	\$	\$
Equipment					
Undistributed Expenditures - Instruction					
Undistributed Expenditures - Required Maintenance		35,351	35,351	35,351	-
Special Education - Instruction:					
Special Schools - (All Programs)		13,937	13,937	5,868	8,069
		<u>49,288</u>	<u>49,288</u>	<u>41,219</u>	<u>8,069</u>
Facilities Acquisition and Construction Services:					
Required Maintenance for School Facilities					
Total Facilities Acquisition and Construction Services					
Interest Deposit to Capital Reserve	25		25		25
TOTAL CAPITAL OUTLAY	25	49,288	49,313	41,219	8,094
TOTAL EXPENDITURES	3,570,687	26,082	3,596,769	3,257,483	339,286
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(300,176)	(26,082)	(326,258)	395,830	722,088
Other Financing Sources (uses):					
Transfer to Food Service	(10,000)		(10,000)	(8,263)	1,737
Total Other Financing Sources	(10,000)		(10,000)	(8,263)	1,737
Excess (deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(310,176)	(26,082)	(336,258)	387,567	723,825
Fund Balances, July 1	1,566,186		1,566,186	1,566,186	
Fund Balances, June 30	\$ 1,256,010	\$ (26,082)	\$ 1,229,928	\$ 1,953,753	\$ 723,825
<u>RECAPITULATION :</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 883,437	
Maintenance Reserve				155,000	
Excess Surplus				326,301	
Excess Surplus - Designated for Subsequent Year's Expenditures				323,029	
Assigned to Year-End Encumbrances				14,826	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance				251,160	
				<u>1,953,753</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(55,001)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,898,752</u>	

MANNINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE 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 Favorable (Unfavorable)</u>
REVENUES:					
Federal Sources	\$ 50,570	\$ 144,248	\$ 194,818	\$ 194,818	
State Sources	59,592		59,592	59,592	
Other	2,465		2,465	2,465	
Total Revenues	<u>112,627</u>	<u>144,248</u>	<u>256,875</u>	<u>256,875</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	54,582	78,772	133,354	133,354	
Purchased Professional/Technical Services		875	875	875	
General Supplies		12,168	12,168	12,168	
Other Objects		1,661	1,661	1,661	
Total Instruction	<u>54,582</u>	<u>93,476</u>	<u>148,058</u>	<u>148,058</u>	
Support Services					
Salaries - Other Professional	5,010	3,068	8,078	8,078	
Employee Benefits		25,107	25,107	25,107	
Purchased Professional/Technical Services	50,570	6,675	57,245	57,245	
Other Purchased Services		1,860	1,860	1,860	
Supplies & Materials		2,865	2,865	2,865	
Total Support Services	<u>55,580</u>	<u>39,575</u>	<u>95,155</u>	<u>95,155</u>	
Facilities Acquisition and Construction Services:					
Instructional Equipment		13,662	13,662	13,662	
Non-instructional Equipment	2,465	(2,465)			
Total Facilities Acquisition and Construction Services	<u>2,465</u>	<u>11,197</u>	<u>13,662</u>	<u>13,662</u>	
Total Expenditures	<u>112,627</u>	<u>144,248</u>	<u>256,875</u>	<u>256,875</u>	
Other Financing Sources (Uses)					
Total Outflows	<u>112,627</u>	<u>144,248</u>	<u>256,875</u>	<u>256,875</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 3,653,313	[C-2] \$ 256,875
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.	56,095	4,881
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(55,001)	(5,959)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 3,654,407	[B-2] \$ 255,797
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,257,483	[C-2] \$ 256,875
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 3,257,483	[B-2] \$ 256,875

REQUIRED SUPPLEMENTARY INFORMATION PART III

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.003715%	0.004063%	0.004222%	0.004232%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 864,755	\$ 1,203,274	\$ 947,862	\$ 792,369
District's Covered-Employee Payroll	\$ 193,672	\$ 253,825	\$ 257,366	\$ 277,149
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	446.50%	474.06%	368.29%	285.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 34,877	\$ 36,200	\$ 36,302	\$ 34,889
Contributions in Relation to the Contractually Required Contribution	<u>(34,877)</u>	<u>(36,200)</u>	<u>(36,302)</u>	<u>(34,889)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 193,672	\$ 253,825	\$ 257,366	\$ 277,149
Contributions as a Percentage of Covered-Employee Payroll	18.01%	14.26%	14.11%	12.59%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.010715%	0.011214%	0.010929%	0.011818%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 7,224,546	\$ 8,821,920	\$ 6,907,341	\$ 6,316,522
District's Covered-Employee Payroll	\$ 1,234,278	\$ 1,163,789	\$ 1,093,431	\$ 1,080,037
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	585.33%	758.03%	631.71%	584.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 285,996
Interest	274,696
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(1,157,906)
Member contributions	7,384
Benefit payments	(200,538)
Net change in total OPEB liability	<u>(790,368)</u>
Total OPEB liability - beginning	<u>9,448,374</u>
Total OPEB liability - ending	<u>\$ 8,658,006</u>
Covered-employee payroll	<u>\$ 1,427,950</u>
Total OPEB liability as a percentage of covered-employee payroll	606.32%

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions: 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.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>NCLB</u>	<u>NCLB</u>	<u>REAP</u>	<u>Safety</u>	<u>Sub-Total</u>	<u>Totals</u>	
	<u>Title I</u>	<u>Title IV</u>				<u>Grant</u>	<u>Grant</u>
	<u>Part A</u>				<u>E-1(2)</u>		
REVENUES:							
Federal Sources	\$ 103,585	10,000	\$ 23,988	\$	\$ 57,245	\$ 194,818	\$ 182,203
State Sources					59,592	59,592	48,819
Other				2,465		2,465	2,261
Total Revenues	103,585	10,000	23,988	2,465	116,837	256,875	233,283
EXPENDITURES:							
Instruction:							
Salaries of Teachers	78,772				54,582	133,354	128,584
Purchased Professional/Technical Services		875				875	
General Supplies		1,842	10,326			12,168	14,426
Other Objects		1,661				1,661	
Total Instruction	78,772	4,378	10,326		54,582	148,058	143,010
Support Services:							
Salaries - Other Professionals		3,068			5,010	8,078	
Employee Benefits	24,813	294				25,107	22,111
Other Purchased Services		1,860				1,860	
Purchased Professional/Technical Services					57,245	57,245	59,800
Supplies & Materials		400		2,465		2,865	
Total Support Services	24,813	5,622		2,465	62,255	95,155	81,911
Facilities Acquisition/Construction:							
Instructional Equipment			13,662			13,662	
Non-Instructional Equipment							8,362
Total Facilities Acquisition/Construction			13,662			13,662	8,362
Total Expenditures	\$ 103,585	10,000	\$ 23,988	\$ 2,465	\$ 116,837	\$ 256,875	\$ 233,283

MANNINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>Title IIA</u>	<u>Preschool Education Program</u>	<u>IDEA</u>		<u>Totals 2018</u>
			<u>Basic Part B</u>	<u>Part B Pre- School</u>	
REVENUES:					
Federal Sources	\$ 6,675		\$ 49,843	\$ 727	\$ 57,245
State Sources		59,592			59,592
Other					
Total Revenues	<u>6,675</u>	<u>59,592</u>	<u>49,843</u>	<u>727</u>	<u>116,837</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		54,582			54,582
Total Instruction		<u>54,582</u>			<u>54,582</u>
Support Services:					
Salaries - Other Professionals		5,010			5,010
Purchased Professional/Technical Services	6,675		49,843	727	57,245
Total Support Services	<u>6,675</u>	<u>5,010</u>	<u>49,843</u>	<u>727</u>	<u>62,255</u>
Facilities Acquisition/Construction:					
Instructional Equipment					
Total Facilities Acquisition/Construction					
Total Expenditures	<u>\$ 6,675</u>	<u>\$ 59,592</u>	<u>\$ 49,843</u>	<u>\$ 727</u>	<u>\$ 116,837</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 54,582	\$ 54,582	\$
Total Instruction	<u>54,582</u>	<u>54,582</u>	
Support Services:			
Salaries of Supervisors of Instruction	5,010	5,010	
Total Support Services	<u>5,010</u>	<u>5,010</u>	
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non-instructional Equipment			
Total Facilities Acquisition and Const. Services			
Contribution to Charter Schools			
Total Expenditures	<u>\$ 59,592</u>	<u>\$ 59,592</u>	<u>\$</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2017-18 Preschool Education Aid Allocation	\$ 59,592	(1)
Add: Actual ECPA Carryover (June 30, 2017)		(2)
Add: Budgeted Transfer from General Fund 2017-18		(3)
Total Preschool Education Aid Funds Available for 2017-18 Budget	<u>59,592</u>	(4)
Less: 2017-18 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	<u>(59,592)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018		(6)
Add: June 30, 2018 Unexpended Preschool Education Aid		(7)
Less: 2017-18 Commissioner-approved Transfer to the General Fund		(8)
2017-18 Carryover - Preschool Education Aid	<u>\$</u>	(9)
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-19		<u>(10)</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

N/A

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINED SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018 AND 2017

	<u>Food Service Fund</u>	<u>SACC Program</u>	<u>Total</u>	
			<u>2018</u>	<u>2017</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 2,298	\$ 1,397	\$ 3,695	\$ 4,123
Accounts Receivable:				
State	20		20	22
Federal	753		753	1,111
Other	249	409	658	143
Inventory	167		167	148
Total Current Assets	<u>3,487</u>	<u>1,806</u>	<u>5,293</u>	<u>5,547</u>
Fixed Assets:				
Equipment	13,345		13,345	13,345
Accumulated Depreciation	(4,178)		(4,178)	(3,490)
Total Fixed Assets	<u>9,167</u>		<u>9,167</u>	<u>9,855</u>
Total Assets	<u>12,654</u>	<u>1,806</u>	<u>14,460</u>	<u>15,402</u>
LIABILITIES:				
Current Liabilities:				
Unearned Revenue	880	274	1,154	787
Due to General Fund	2,607		2,607	5,870
Total Liabilities	<u>3,487</u>	<u>274</u>	<u>3,761</u>	<u>6,657</u>
NET POSITION:				
Investment in Fixed Assets	9,167		9,167	9,855
Unrestricted		1,532	1,532	(1,110)
Total Net Position	<u>\$ 9,167</u>	<u>\$ 1,532</u>	<u>\$ 10,699</u>	<u>\$ 8,745</u>

MANNINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	<u>Food Service Fund</u>	<u>SACC Program</u>	<u>Total</u>	
			<u>2018</u>	<u>2017</u>
OPERATING REVENUES:				
Local Sources:				
Food Sales Reimbursable Programs	\$ 19,588	\$	\$ 19,588	\$ 22,839
Food Sales Non-Reimbursable Programs	11,245		11,245	18,144
SACC Revenue		5,881	5,881	
Total Operating Revenue	30,833	5,881	36,714	40,983
OPERATING EXPENSES:				
Cost of Sales - Reimbursable Programs	38,364		38,364	48,600
Cost of Sales - Non-Reimbursable Programs	9,235		9,235	9,724
Salaries	12,935	3,741	16,676	15,929
Employee Benefits	981	283	1,264	3,319
General Supplies	326	325	651	2,827
Other Purchased Services	153		153	76
Depreciation	688		688	2,334
Total Operating Expenses	62,682	4,349	67,031	82,809
Operating Income/(Loss)	(31,849)	1,532	(30,317)	(41,826)
NON-OPERATING REVENUES:				
State Sources:				
State School Lunch Program	500		500	556
Federal Sources:				
National School Lunch Program	15,782		15,782	20,056
School Breakfast Program	3,084		3,084	5,761
USDA Commodities	4,642		4,642	4,513
Total Non-Operating Revenues	24,008		24,008	30,886
Change in Net Position before Operating Transfers				
In/(Out)	(7,841)	1,532	(6,309)	(10,940)
Operating Transfer In - General Fund	8,263		8,263	10,000
Net (Loss) Income	422	1,532	1,954	(940)
Net Position - July 1	8,745		8,745	9,685
Net Position - June 30	\$ 9,167	\$ 1,532	\$ 10,699	\$ 8,745

MANNINGTON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2018

	Food Service Fund	SACC Program	Total	
			2018	2017
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 30,833	\$ 5,881	\$ 36,714	\$ 40,983
Payments to Employees	(12,935)	(3,741)	(16,676)	(15,929)
Payments for Employee Benefits	(981)	(283)	(1,264)	(3,319)
Payments to Suppliers	(51,013)	(460)	(51,473)	(54,205)
Net Cash Used by Operating Activities	(34,096)	1,397	(32,699)	(32,470)
Cash Flows from Noncapital Financing Activities				
Operating Transfer In-General Fund	8,263		8,263	10,000
Cash Received from State and Federal Reimbursements	24,008		24,008	30,886
Net Cash Provided by Noncapital Financing Activities	32,271		32,271	40,886
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Purchase of Fixed Assets				(10,027)
Net Cash Provided by (Used for) Capital Financing Activities				(10,027)
Net Increase (Decrease) in Cash	(1,825)	1,397	(428)	(1,611)
Cash and Cash Equivalents, July 1 (Overdraft)	4,123		4,123	5,734
Cash and Cash Equivalents, June 30 (Overdraft)	\$ 2,298	\$ 1,397	\$ 3,695	\$ 4,123
Operating Income (Loss)	\$ (31,849)	\$ 1,532	\$ (30,317)	\$ (41,826)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	688		688	2,334
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	254	(409)	(155)	898
(Increase)/Decrease in Inventory	(19)		(19)	(4)
Increase/(Decrease) in Due to General	(3,263)		(3,263)	5,870
Increase/(Decrease) in Unearned Revenue	93	274	367	258
Total Adjustments	(2,247)	(135)	(2,382)	9,356
Net Cash Used by Operating Activities	\$ (34,096)	\$ 1,397	\$ (32,699)	\$ (32,470)

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>Student</u> <u>Activity</u>	<u>Payroll</u>	<u>Total</u>	
			<u>2018</u>	<u>2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 12,160	\$ 1,000	\$ 13,160	\$ 13,954
Accounts Receivable	319		319	
Due from Employees		228	228	
Total Assets	<u>\$ 12,479</u>	<u>\$ 1,228</u>	<u>\$ 13,707</u>	<u>\$ 13,954</u>
LIABILITIES AND NET POSITION:				
Liabilities:				
Due to Student Groups	\$ 11,984	\$	\$ 11,984	\$ 12,954
Payroll Deductions and Withholdings		228	228	
Medical Reimbursement Plan		1,000	1,000	1,000
Unearned Revenue	495		495	
Total Liabilities	<u>\$ 12,479</u>	<u>\$ 1,228</u>	<u>\$ 13,707</u>	<u>\$ 13,954</u>

MANNINGTON TOWNSHIP 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,</u> <u>2017</u>	<u>Accounts</u> <u>Receivable</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Unearned</u> <u>Revenue</u>	<u>Balance</u> <u>June 30,</u> <u>2018</u>
Elementary School	\$ 12,954	\$ 319	\$ 23,653	\$ 24,447	\$ 495	\$ 11,984
Band Account					\$	1,251
General						2,154
8th Grade						671
GenYouth Grant						3,000
Garden						945
Interest & Other						3,435
Fuel up to Play 60 Incentives						120
Scholastic Award						408
Total					\$	11,984

MANNINGTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 1,000	\$ 1,783,678	\$ 1,783,678	\$ 1,000
Due from Employees		228		228
	<u>\$ 1,000</u>	<u>\$ 1,783,906</u>	<u>\$ 1,783,678</u>	<u>\$ 1,228</u>
LIABILITIES:				
Net Payroll	\$	\$ 985,124	\$ 985,124	\$
Payroll Deductions and Withholdings		798,782	798,554	228
Medical Reimbursement Plan	1,000			1,000
Total Liabilities	<u>\$ 1,000</u>	<u>\$ 1,783,906</u>	<u>\$ 1,783,678</u>	<u>\$ 1,228</u>

LONG-TERM DEBT SCHEDULES

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATION UNDER SERIAL BONDS
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Refunded</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
Refunding of Series 3/1/06 Issue - Renovations to the Elementary School	4/12/16	\$ 1,400,000	3/1/19	\$ 135,000	1.93%	\$ 1,265,000	\$	\$	\$ 135,000	\$ 1,130,000
			3/1/20	140,000						
			3/1/21	140,000						
			3/1/22	145,000						
			3/1/23	145,000						
			3/1/24	140,000						
			3/1/25	145,000						
			3/1/26	140,000						

MANNINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE 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 Favorable (Unfavorable)</u>
REVENUES:					
Local Sources					
Local Tax Levy	\$ 109,651	\$	\$ 109,651	\$ 109,651	\$
State Sources					
Debt Service Aid - Type II	49,764		49,764	49,764	
Total Revenues	<u>159,415</u>		<u>159,415</u>	<u>159,415</u>	
EXPENDITURES:					
Regular Debt Service					
Redemption of Bond Principal	135,000		135,000	135,000	
Interest on Bonds	24,415		24,415	24,415	
Total Expenditures	<u>159,415</u>		<u>159,415</u>	<u>159,415</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance - July 1, 2017	<u>13,046</u>		<u>13,046</u>	<u>13,046</u>	
Fund Balance - June 30, 2018	<u>\$ 13,046</u>	<u>\$</u>	<u>\$ 13,046</u>	<u>\$ 13,046</u>	<u>\$</u>

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ (99,512)	\$ (176,388)	\$ (174,709)	\$ (280,504)	\$ (170,290)	\$ (133,151)	\$ (106,897)	\$ (78,130)	\$ (17,208)	\$ 39,570
Restricted	308,503	194,308	201,286	296,866	236,930	111,476	274,249	772,771	1,297,747	1,700,813
Unrestricted (Deficit)	137,058	110,390	111,369	183,990	27,717	49,339	(718,844)	(680,522)	(762,209)	(787,747)
Total Governmental Activities Net Position	\$ 346,049	\$ 128,310	\$ 137,946	\$ 200,352	\$ 94,357	\$ 27,664	\$ (551,492)	\$ 14,119	\$ 518,330	\$ 952,636
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 5,139	\$ 4,807	\$ 7,686	\$ 7,144	\$ 5,004	\$ 4,461	\$ 2,372	\$ 2,162	\$ 9,855	\$ 9,167
Unrestricted (Deficit)	24,357	34,216	20,657	1,051	648	200	3,676	7,523	(1,110)	1,532
Total Business-Type Activities Net Position	\$ 29,496	\$ 39,023	\$ 28,343	\$ 8,195	\$ 5,652	\$ 4,661	\$ 6,048	\$ 9,685	\$ 8,745	\$ 10,699
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ (94,373)	\$ (171,581)	\$ (167,023)	\$ (273,360)	\$ (165,286)	\$ (128,690)	\$ (104,525)	\$ (75,968)	\$ (7,353)	\$ 48,737
Restricted	308,503	194,308	201,286	296,866	236,930	111,476	274,249	772,771	1,297,747	1,700,813
Unrestricted (Deficit)	161,415	144,606	132,026	185,041	28,365	49,539	(715,168)	(672,999)	(763,319)	(786,215)
Total District-Wide Net Position	\$ 375,545	\$ 167,333	\$ 166,289	\$ 208,547	\$ 100,009	\$ 32,325	\$ (545,444)	\$ 23,804	\$ 527,075	\$ 963,335

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,021,115	1,021,209	1,022,099	1,055,363	1,080,289	1,106,427	1,153,334	1,068,306	1,176,301	1,169,907
Special Education	208,938	226,452	195,531	166,555	174,368	173,722	90,145	55,681	111,607	117,336
Other Special Education	3,300	1,100								
Other Instruction	719	1,531	1,565	1,222	1,016	1,397	548	859	468	439
Support Services										
Tuition	531,577	599,893	366,720	434,999	417,605	527,318	507,963	346,463	394,633	375,095
Student and Instruction Related Services	292,475	323,817	332,623	366,400	351,150	326,640	294,313	298,124	286,975	359,453
General Administrative Services	95,053	94,020	53,654	57,669	57,703	65,899	84,324	100,832	87,965	76,612
School Administrative Services	48,590	48,931	98,188	92,607	90,222	107,832	94,505	95,291	97,340	84,183
Central Services	74,448	82,963	86,320	88,891	90,505	92,039	89,483	96,185	98,926	102,200
Plant Operations and Maintenance	205,318	204,116	201,174	192,824	199,831	217,577	208,516	213,598	238,401	222,436
Pupils Transportation	211,450	238,042	251,364	276,904	236,136	199,350	215,638	215,021	203,239	212,593
Employee Benefits	646,696	673,578	772,498	774,539	862,689	763,130	973,975	1,091,438	1,391,635	1,548,464
Amortization of Debt Issue Costs	1,789	1,789	1,789	1,789						
Interest on Long-Term Debt	96,477	91,704	88,505	79,596	76,053	70,214	63,995	46,791	30,985	28,247
Total Governmental Activities Expense	3,437,945	3,609,145	3,472,030	3,589,358	3,637,567	3,651,545	3,776,739	3,628,589	4,118,475	4,296,965
Business-Type Activities										
Food Service										
SACC	77,179	81,222	74,830	85,586	95,512	89,404	91,635	95,039	82,809	62,682
Total Business-Type Activities Expense	77,179	81,222	74,830	85,586	95,512	89,404	91,635	95,039	82,809	67,031
Total District Expenses	\$ 3,515,124	3,690,367	3,546,860	3,674,944	3,733,079	3,740,949	3,868,374	3,723,628	4,201,284	4,363,996
Program Revenues										
Governmental Activities										
Charge for Services										
Instruction (Tuition)	\$		26,200	62,517	13,338	11,700	11,809			
Operating Grants and Contributions	325,358	349,632	350,409	399,852	409,855	369,495	311,987	387,177	410,037	433,255
Total Governmental Activities Prog. Revenues	325,358	349,632	376,609	462,369	423,193	381,195	323,796	387,177	410,037	433,255
Business-Type Activities										
Charges for Services										
Food Service	38,291	33,657	27,767	32,591	32,622	31,008	29,448	30,441	40,983	30,833
SACC										5,881
Operating Grants and Contributions	33,292	45,092	36,383	31,000	39,944	35,905	39,452	45,235	30,886	24,008
Total Business-Type Activities Prog. Revenues	71,583	78,749	64,150	63,591	72,566	66,913	68,900	75,676	71,869	60,722
Total District Program Revenues	\$ 396,941	428,381	440,759	525,960	495,759	448,108	392,696	462,853	481,906	493,977
Net (Expense) Revenues										
Governmental Activities										
	\$ (3,112,587)	(3,259,513)	(3,095,421)	(3,126,989)	(3,214,374)	(3,270,350)	(3,452,943)	(3,241,412)	(3,708,438)	(3,863,710)
Business-Type Activities										
	(5,596)	(2,473)	(10,680)	(21,995)	(22,946)	(22,491)	(22,735)	(19,363)	(10,940)	(6,309)
Total District-Wide Net Expenses	\$ (3,118,183)	(3,261,986)	(3,106,101)	(3,148,984)	(3,237,320)	(3,292,841)	(3,475,678)	(3,260,775)	(3,719,378)	(3,870,019)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purpose, Net	\$ 2,216,802	2,305,465	2,307,927	2,311,434	2,357,663	2,404,816	2,571,505	2,622,935	2,753,976	2,668,575
Taxes Levied for Debt Service	119,974	121,173	131,178	132,367	133,422	134,346	135,137	113,116	113,507	109,651
Unrestricted Grants and Contributions	714,275	673,116	612,750	664,293	605,108	620,492	985,912	1,029,432	1,290,148	1,440,895
Restricted Grants, Tuition and Contributions										
Tuition	48,768	47,749	48,940	83,984	63,625	60,297	62,267	57,000	46,817	70,600
Investment Earnings	5,781	2,526	2,126	1,771	1,575	992	1,134	1,714	2,486	3,055
Miscellaneous Income	584	2,533	2,136	8,795	9,713	4,214	5,231	5,826	15,715	13,503
Transfers	(15,000)	(12,000)		(1,847)	(22,000)	(21,500)	(26,000)	(23,000)	(10,000)	(8,263)
Fixed Assets Adjustments		(98,788)		(11,402)	(17,463)					
Total Governmental Activities	3,091,184	3,041,774	3,105,057	3,189,395	3,131,643	3,203,657	3,735,186	3,807,023	4,212,649	4,298,016
Business-Type Activities										
Fixed Asset Adjustments										
Transfers	15,000	12,000		1,847	(1,597)	22,000	(1,878)	23,000	10,000	8,263
Total Business-Type Activities	15,000	12,000	-	1,847	20,403	21,500	24,122	23,000	10,000	8,263
Total District-wide	\$ 3,106,184	3,053,774	3,105,057	3,191,242	3,152,046	3,225,157	3,759,308	3,830,023	4,222,649	4,306,279
Change in Net Position										
Governmental Activities										
	\$ (21,403)	(217,739)	9,636	62,406	(82,731)	(66,693)	282,243	565,611	504,211	434,306
Business-Type Activities										
	9,404	9,527	(10,680)	(20,148)	(2,543)	(991)	1,387	3,637	(940)	1,954
Total District-wide	\$ (11,999)	(208,212)	(1,044)	42,258	(85,274)	(67,684)	283,630	569,248	503,271	436,260

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted	\$ 308,955	\$ 155,072	\$ 208,427	\$ 304,696	\$ 243,124	\$ 117,071	\$ 279,485	\$ 778,192	\$ 1,289,234	\$ 1,687,767
Assigned						1,799	27,657	58,835	26,430	14,826
Unassigned	187,444	224,560	198,249	191,493	183,833	183,766	201,763	194,099	194,427	196,159
Total General Fund	\$ 496,399	\$ 379,632	\$ 406,676	\$ 496,189	\$ 426,957	\$ 302,636	\$ 508,905	\$ 1,031,126	\$ 1,510,091	\$ 1,898,752
All Other Governmental Funds										
Assigned, Reported in Debt Service Fund										\$ 13,046
Unassigned, Reported in:										
Special Revenue Fund (Deficit)	\$ (6,634)	\$ (6,801)	\$ (7,144)	\$ (7,831)	\$ (6,199)	\$ (5,600)	\$ (5,241)	\$ (5,600)	\$ (4,881)	\$ (5,959)
Capital Projects Fund	8,248									
Debt Service Fund	2	3	3	4	5	5	5	5	13,046	
Total All Other Governmental Funds	\$ 1,616	\$ (6,798)	\$ (7,141)	\$ (7,827)	\$ (6,194)	\$ (5,595)	\$ (5,236)	\$ (5,595)	\$ 8,165	\$ 7,087

Source: CAFR Schedule B-1

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 2,336,776	\$ 2,426,638	\$ 2,439,105	\$ 2,443,801	\$ 2,491,085	\$ 2,539,162	\$ 2,706,642	\$ 2,736,051	\$ 2,867,483	\$ 2,778,226
Tuition Charges	48,768	47,749	48,940	83,984	63,625	60,297	62,267	57,000	46,817	70,600
Interest Earnings	5,781	2,526	2,126	1,771	1,575	992	1,134	1,714	2,486	3,055
Miscellaneous	6,173	2,533	2,136	8,795	9,713	4,214	5,231	5,826	15,715	13,503
State Sources	923,030	868,221	833,126	915,976	916,374	877,243	929,991	940,078	975,661	1,009,417
Federal Sources	115,603	154,527	130,033	148,169	98,589	112,744	87,104	144,562	182,203	194,818
Total Revenues	3,436,131	3,502,194	3,455,466	3,602,496	3,580,961	3,594,652	3,792,369	3,885,231	4,090,365	4,069,619
Expenditures										
Instruction										
Regular Instruction	984,633	959,868	954,585	988,494	1,012,742	1,037,017	1,084,350	1,032,019	1,097,542	1,095,925
Special Education Instruction	201,468	213,892	192,712	163,762	171,547	170,823	87,264	52,763	108,318	114,247
Other Special Instruction	3,300	1,100								
Other instruction	500	1,163	1,164	825	615	985	138	444		
Support Services										
Tuition	531,577	599,893	366,720	434,999	417,605	527,318	507,963	346,463	394,633	375,095
Student and Instruction Related Services	282,432	306,931	287,831	285,469	319,211	295,826	263,507	278,880	265,288	339,080
General administration	90,999	87,204	49,867	50,238	50,196	62,005	76,658	93,067	79,212	68,390
School Administrative Services	46,543	45,489	90,685	88,856	86,433	100,119	90,636	91,372	92,922	80,033
Other Administrative Services										
Central Services	71,795	78,502	81,412	84,030	85,595	86,993	84,469	91,106	93,201	96,822
Plant Operations and Maintenance	198,594	192,810	188,728	180,497	187,379	204,783	195,799	200,717	223,882	208,798
Pupil Transportation	211,450	238,042	251,364	276,904	236,136	199,350	215,638	215,021	203,239	212,593
Employee Benefits	644,626	656,868	754,428	757,196	827,594	779,580	738,838	759,853	794,082	868,494
Capital Outlay	15,963	31,658	10,513		29,349	28,519	9,726	7,275	76,378	54,881
Debt Service										
Principal	100,831	107,434	109,136	115,943	122,863	129,902	137,066	110,000	135,000	135,000
Interest and Other Charges	99,125	94,521	89,620	84,612	79,292	73,654	67,689	61,389	23,943	24,415
Total Expenditures	3,483,836	3,615,375	3,428,765	3,511,825	3,626,557	3,696,874	3,559,741	3,340,369	3,587,640	3,673,773
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(47,705)	(113,181)	26,701	90,671	(45,596)	(102,222)	232,628	544,862	502,725	395,846
Other Financing Sources (Uses)										
Bond Proceeds										
Transfers Out	(15,000)	(12,000)		(1,847)	(22,000)	(21,500)	(26,000)	(23,000)	(10,000)	(8,263)
Total Other Financing Sources (Uses)	(15,000)	(12,000)		(1,847)	(22,000)	(21,500)	(26,000)	(23,000)	(10,000)	(8,263)
Net Change in Fund Balances	\$ (62,705)	\$ (125,181)	\$ 26,701	\$ 88,824	\$ (67,596)	\$ (123,722)	\$ 206,628	\$ 521,862	\$ 492,725	\$ 387,583
Debt Service as a Percentage of Noncapital Expenditures	5.7%	5.6%	5.8%	5.7%	5.6%	5.5%	5.8%	5.1%	4.4%	4.3%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Misc.</u>	<u>Total</u>
2018	\$ 3,055	\$ 70,600	\$ 11,038	\$ 84,693
2017	2,486	46,817	13,454	62,757
2016	1,714	57,000	3,590	62,304
2015	1,134	62,267	1,967	65,368
2014	992	60,297	4,214	65,503
2013	1,575	63,625	6,787	71,987
2012	1,771	48,940	2,136	52,847
2011	2,126	48,940	2,136	53,202
2010	2,526	47,749	1,533	51,808
2009	5,781	48,768	5,173	59,722

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2018	\$ 3,927,800	\$ 72,129,600	\$ 46,495,700	\$ 7,524,100	\$ 27,021,700	\$ 31,909,600	\$ 189,008,500	\$ 471,204	\$ 189,479,704	1.499	\$ 198,246,801 *
2017	4,397,400	72,195,500	46,418,800	7,539,600	28,280,100	33,009,600	191,841,000	453,927	192,294,927	1.445	195,500,452
2016	4,461,700	71,077,900	47,313,700	7,608,300	47,638,400	34,509,600	212,609,600	458,846	213,068,446	1.346	201,503,423
2015	4,322,800	70,801,000	47,495,600	7,620,600	47,638,400	36,209,600	214,088,000	796,500	214,884,500	1.273	207,690,719
2014	4,240,200	71,041,000	47,705,900	7,632,300	47,885,900	37,709,600	216,214,900	475,531	216,690,431	1.250	214,068,000
2013	4,239,400	70,875,700	48,270,600	7,634,900	47,635,900	41,984,600	220,641,100	656,193	221,297,293	1.148	220,641,100
2012	4,341,400	71,591,800	48,404,200	7,557,100	48,284,100	41,984,600	222,163,200	683,136	222,846,336	1.118	225,615,111
2011	4,122,500	71,392,300	46,769,600	7,634,900	44,220,900	41,984,600	216,124,800	716,136	216,840,936	1.127	211,460,478
2010	4,397,400	71,794,100	46,640,600	7,667,000	44,902,300	41,984,600	217,386,000	921,836	218,307,836	1.117	211,460,478
2009	4,410,700	70,180,800	47,490,900	7,827,900	45,095,300	41,984,600	216,990,200	941,055	217,931,255	1.115	214,196,524

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

* Estimate

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

Year Ended June 30,	Mannington Township Board of Education			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Mannington Township	Salem County	REAP CREDIT	Total
2018	\$ 1.439	\$ 0.060	\$ 1.499	\$ 0.302	\$ 1.153	\$	\$ 2.954
2017	1.385	0.060	1.445	0.302	1.128		2.875
2016	1.279	0.067	1.346	0.301	1.082		2.729
2015	1.209	0.064	1.273	0.301	0.949		2.523
2014	1.184	0.066	1.250	0.297	0.898		2.445
2013	1.087	0.610	1.148	0.297	0.941		2.386
2012	1.057	0.061	1.118	0.298	0.972		2.388
2011	1.066	0.061	1.127	0.288	0.919		2.334
2010	1.061	0.056	1.117	0.288	0.855		2.260
2009	1.058	0.057	1.115	0.273	0.872	-0.017	2.243

Source: District Records and Municipal Tax Collector

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

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

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

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

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mannington Mills, Inc.	\$ 33,126,800	17.53%	\$ 42,902,100	19.69%
Salem Hospital Corp	14,802,800	7.83%	35,688,100	16.38%
Golden Rehab & Nursing	4,065,000	2.15%		
Taxpayer #1	1,472,900	0.78%	1,553,600	0.71%
Mannington Holding, LLC	1,450,000	0.77%		
ISE America, Inc	1,123,600	0.59%		
Marino Brothers	1,029,600	0.54%	1,167,800	0.54%
Waldac Farms Inc.	967,200	0.51%	959,200	0.44%
Taxpayer #2	909,500	0.48%	1,327,000	0.61%
Taxpayer #3	878,100	0.46%		
Four B's			1,875,000	0.86%
Salem Farms			1,287,400	0.59%
LAM Services LLC			1,278,900	0.59%
ACJM & M Enterprises			1,000,000	0.46%
Verizon New Jersey			941,055	0.43%
Total	\$ 59,825,500	31.65%	\$ 89,980,155	41.30%

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2018	\$ 2,778,226	\$ 2,778,226	100%	\$
2017	2,867,483	2,867,483	100%	
2016	2,736,051	2,736,051	100%	
2015	2,706,642	2,706,642	100%	
2014	2,539,162	2,539,162	100%	
2013	2,491,085	2,491,085	100%	
2012	2,443,801	2,443,801	100%	
2011	2,439,105	2,439,105	100%	
2010	2,426,638	2,426,638	100%	
2009	2,336,776	2,336,776	100%	

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		Personal Income ^a	Per Capita ^a
2018	\$ 1,130,000	\$	\$	\$	\$ 1,130,000	1.44%	\$ 638
2017	1,265,000				1,265,000	1.64%	719
2016	1,400,000				1,400,000	1.87%	800
2015	1,463,000				1,463,000	1.97%	823
2014	1,563,000	37,066			1,600,066	2.16%	894
2013	1,658,000	71,968			1,729,968	2.32%	959
2012	1,748,000	104,831			1,852,831	2.55%	1,026
2011	1,833,000	135,774			1,968,774	2.75%	1,092
2010	1,913,000	164,910			2,077,910	3.40%	1,375
2009	1,993,000	192,344			2,185,344	3.68%	1,443

* Estimate

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2018	\$ 1,130,000	\$	\$ 1,130,000	0.570%	\$ 647 *
2017	1,265,000		1,265,000	0.647%	719
2016	1,400,000		1,400,000	0.695%	800
2015	1,463,000		1,463,000	0.704%	829
2014	1,563,000		1,563,000	0.730%	880
2013	1,658,000		1,658,000	0.751%	927
2012	1,748,000		1,748,000	0.775%	969
2011	1,833,000		1,833,000	0.867%	1,015
2010	1,913,000		1,913,000	0.876%	1,229
2009	1,993,000		1,993,000	0.915%	1,281

* Estimate

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

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

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of Mannington	\$ 90,000		\$ 90,000
Other Debt			
County of Salem - Township's Share	42,049,364	0.040093	1,685,884
Subtotal, Overlapping Debt			<u>1,775,884</u>
Mannington Township School District Direct Debt			<u>1,130,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 2,905,884</u></u>

Sources: Mannington Township Finance Officer and Salem County Finance Office

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized Valuation Basis	
	2017	\$ 201,217,747
	2016	202,987,970
	2015	210,013,734
	[A]	\$ 614,219,451
Average Equalized Valuation of Taxable Property	[A/3]	\$ 204,739,817
Debt Limit (3% of Average Equalization Value)	[B]	6,142,195 ^a
Net Bonded School Debt	[C]	1,130,000
Legal Debt Margin	[B-C]	\$ 5,012,195

Fiscal Year

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 6,088,936	\$ 6,278,897	\$ 6,420,777	\$ 6,452,586	\$ 6,521,149	\$ 6,337,079	\$ 6,156,737	\$ 6,127,039	\$ 6,144,504	\$ 6,142,195
Total Net Debt Applicable to Limit	1,993,000	1,913,000	1,833,000	1,748,000	1,658,000	1,563,000	1,463,000	1,400,000	1,265,000	1,130,000
Legal Debt Margin	<u>\$ 4,095,936</u>	<u>\$ 4,365,897</u>	<u>\$ 4,587,777</u>	<u>\$ 4,704,586</u>	<u>\$ 2,643,313</u>	<u>\$ 4,774,079</u>	<u>\$ 4,693,737</u>	<u>\$ 4,727,039</u>	<u>\$ 4,879,504</u>	<u>\$ 5,012,195</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	33%	30%	29%	27%	25%	25%	24%	23%	21%	18%

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

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

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

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2018	** 1,767	\$ 83,186,331	\$ 47,081	6.23%
2017	1,731	79,840,707	46,124	6.10%
2016	1,735	78,399,445	45,187	5.70%
2015	1,746	77,293,674	44,269	7.30%
2014	1,769	75,051,594	42,426	7.90%
2013	1,782	74,084,868	41,574	10.00%
2012	1,797	74,023,821	41,193	10.30%
2011	1,801	74,700,077	41,477	12.30%
2010	1,809	72,531,855	40,095	13.50%
2009	1,556	61,376,420	39,445	7.60%

Source:

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

^b Personal income

^c Per Capita

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

** Estimate

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

<u>Employer*</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
PSEG	1,595	1	5.48%			
Mannington Mills	800	2	2.75%			
Memorial Hospital of Salem County	720	3	2.47%			Not Available
El duPont	685	4	2.35%			
McLane NJ	401	5	1.38%			
RE Pierson Construction	400	6	1.37%			
Inspira Health Network	400	7	1.37%			
Ardagh Group (Anchor Glass)	376	8	1.29%			
Larchmont Farms	275	9	0.94%			
Walmart	250	10	0.86%			
Salem County Community College	180	11	0.62%			
B & B Poultry Co., Inc.	175	12	0.60%			
Atlantis Rehabilitation	170	13	0.58%			
Southgate Healthcare Center	170	14	0.58%			
Home Care & Hospice Care of SJ	160	15	0.55%			
Ross Fogg Fuel Oil, Inc.	160	16	0.55%			
CFJ Properties	150	17	0.52%			
	<u>7,067</u>		<u>24.3%</u>	<u>-</u>		<u>0.00%</u>

Source: Salem County Economic Resource Guide

* Salem County

**MANNINGTON TOWNSHIP 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	14.8	15.2	14.8	14.8	14.8	14.8	14.8	14.6	15.6	15.2
Special Education	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	2.0	2.0
Other Special Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vocational	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Instruction	7.0	7.0	5.0	5.5	5.5	5.5	5.0	4.0	4.0	4.0
Nonpublic School Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult/Continuing Education Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & Instruction Related Services	0.8	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.5	1.0
General Administrative Services	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	1.5	1.0
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0
Business Administrative Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.4
Plant Operations and Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Pupil Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Totals	31.1	31.5	28.9	29.4	29.4	29.4	27.9	27.7	28.6	28.1

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2009	175	\$ 3,282,917	\$ 18,760	-2.19%	21.0	1:12	172.3	165.2	0.06%	95.88%
2010	188	3,413,420	18,156	-3.21%	21.0	1:11	190.3	181.6	10.45%	95.43%
2011	171	3,230,009	18,889	4.03%	20.0	1:11	177.7	170.6	-6.62%	96.00%
2012	152	3,311,270	21,785	15.33%	20.0	1:13	166.8	159.9	-6.13%	95.86%
2013	183	3,424,402	18,713	-14.10%	20.0	1:13	178.9	174.2	7.25%	97.37%
2014	178	3,493,318	19,625	4.88%	18.0	1:13	176.0	169.2	-1.62%	96.14%
2015	181	3,354,986	18,536	-5.55%	16.0	1:11	181.2	172.7	2.93%	95.33%
2016	186	3,168,980	17,038	-8.08%	16.0	1:11	183.2	175.9	1.13%	96.02%
2017	158	3,428,697	21,701	27.37%	17.6	1:09	157.9	152.9	-13.83%	96.85%
2018	152	3,514,358	23,121	35.70%	17.2	1:09	154.9	147.2	-15.45%	95.03%

Sources: District records, ASSA.

Note: Enrollment based on annual October district count.

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

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

	<u>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>
<u>District Building</u>										
<u>Elementary</u>										
Mannington Township School(19..)										
Square Feet	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment	175	188	171	167	183	183	181	179	157	152

Number of Schools at June 30, 2018
Elementary = 1

Source: District records

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

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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Mannington Township School	27,318	\$ 75,656	\$ 65,158	\$ 53,833	\$ 36,083	\$ 39,939	\$ 35,933	\$ 37,135	\$ 37,139	\$ 34,476	\$ 16,116
Total School Facilities		<u>75,656</u>	<u>65,158</u>	<u>53,833</u>	<u>36,083</u>	<u>39,939</u>	<u>35,933</u>	<u>37,135</u>	<u>37,139</u>	<u>34,476</u>	<u>16,116</u>
Other Facilities											
Grand Total		<u>\$ 75,656</u>	<u>\$ 65,158</u>	<u>\$ 53,833</u>	<u>\$ 36,083</u>	<u>\$ 39,939</u>	<u>\$ 35,933</u>	<u>\$ 37,135</u>	<u>\$ 37,139</u>	<u>\$ 34,476</u>	<u>\$ 16,116</u>

* Data not available for FY 2001

MANNINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group	Blanket Building & Personal Property	\$ 4,921,036	\$ 1,000
	Commercial General Liability	11,000,000	
	Electronic Data processing	268,025	1,000
	Boiler and Machinery	100,000,000	1,000
	Commercial Crime	100,000	1,000
	Legal Liability	5,000,000	5,000
	Pollution Liability	1,000,000	250,000
	Business Automobile	11,000,000	1,000
	Workers' Compensation	2,000,000	
Berkley Insurance Co.	Student Accident	1,000,000	
United States Fire Insurance Company	Catastrophic Student Accident Coverage		
	Maximum Benefit per Participant	5,000,000	
	Cash Benefit - Maximum Benefit	500,000	25,000
The Ohio Casualty Insurance Company	Surety Bonds		
	Board Secretary/Business Administrator	150,000	

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of Education of the Mannington Township School District, in the County of Salem, 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 of Education of the Mannington Township School District's basic financial statements, and have issued our report thereon dated January 22, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant

No. 915

January 22, 2019

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Mannington Township School District's major federal and state programs for the fiscal year ended June 30, 2018. The Mannington Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Program

In our opinion, the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the 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 fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

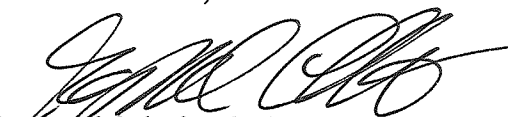
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated January 22, 2019. However, material weaknesses may exist that have not been identified.

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant

No. 915
January 22, 2019

**TOWNSHIP OF MANNINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017			Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Balance at June 30, 2018		
					From	To	Accounts Receivable	Unearned Revenue	Due to Grantor					Carryover/ (Walkover) Amount	Accounts Receivable	Unearned Revenue
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I, Part A	84.010	S010A160030	NCLB-2950-17	\$101,876	7/1/16	6/30/17	(\$55,388)			\$55,388						
Title I, Part A	84.010	S010A170030	NCLB-2950-18	103,585	7/1/17	6/30/18			103,585	(\$103,585)			(\$103,585)			
Title II, Part A	84.367A	S367A160029	NCLB-2950-17	4,945	7/1/16	6/30/17	(3,097)		3,097							
Title II, Part A	84.367A	S367A170029	NCLB-2950-18	6,675	7/1/17	6/30/18			6,675	(6,675)			(6,675)			
Title IV	84.424	S424A170031	NCLB-5320-18	10,000	7/1/17	6/30/18			2,287	(10,000)			(10,000)	(\$7,713)		
IDEA Cluster:																
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	IDEA-2950-17	54,070	7/1/16	6/30/17	(11,751)		11,751							
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	IDEA-2950-18	49,843	7/1/17	6/30/18			49,843	(49,843)			(49,843)			
I.D.E.A. Part B, Pre-School	84.173	H173A160114	IDEAPS-2950-17	785	7/1/16	6/30/17	(785)		785							
I.D.E.A. Part B, Pre-School	84.173	H173A170114	IDEAPS-2950-18	727	7/1/17	6/30/18			727	(727)			(727)			
Rural Education Achievement Prog	84.358A	S358A163425	REAP-2950-17	20,527	7/1/16	9/30/17	(8,042)		8,042							
Rural Education Achievement Prog	84.358A	S358A173626	REAP-2950-18	23,988	7/1/17	9/30/18			11,429	(23,988)			(23,988)	(12,559)		
Total Special Revenue Fund							(\$79,063)			\$253,609	(\$194,818)		(\$194,818)	(\$20,272)		
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Non-Cash Assistance:																
Food Distribution Program	10.565	Unknown	N/A	4,642	7/1/17	6/30/18			4,642	(4,642)			(4,642)			
Child Nutrition Cluster:																
Cash Assistance:																
National School Breakfast Program	10.553	171NJ304N1099	N/A	5,761	7/1/16	6/30/17	(357)		357							
National School Breakfast Program	10.553	161NJ304N1099	N/A	3,084	7/1/17	6/30/18			2,925	(3,084)			(3,084)	(159)		
National School Lunch Program	10.555	171NJ304N1099	N/A	20,056	7/1/16	6/30/17	(754)		754							
National School Lunch Program	10.555	161NJ304N1099	N/A	15,782	7/1/17	6/30/18			15,188	(15,782)			(15,782)	(594)		
Total Enterprise Fund							(\$1,111)			\$23,866	(\$23,508)		(\$23,508)	(\$753)		
Total Federal Financial Awards							(\$80,174)			\$277,475	(\$218,326)		(\$218,326)	(\$21,025)		

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

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

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

**TOWNSHIP OF MANNINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017 Accounts Receivable	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balances at June 30, 2018			MEMO	
			From	To					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Equalization Aid	18-495-034-5120-078	\$ 33,846	7/1/17	6/30/18			\$30,461	(\$33,846)	(\$3,385)		*	(\$3,385)	\$ 33,846
Equalization Aid	17-495-034-5120-078	33,846	7/1/16	6/30/17	(\$3,384)		3,384						
Transportation Aid	18-495-034-5120-014	117,432	7/1/17	6/30/18			105,687	(117,432)	(11,745)		*	(11,745)	117,432
Transportation Aid	17-495-034-5120-014	117,432	7/1/16	6/30/17	(11,739)		11,739						
Special Education Categorical Aid	18-495-034-5120-089	101,080	7/1/17	6/30/18			90,971	(101,080)	(10,109)		*	(10,109)	101,080
Special Education Categorical Aid	17-495-034-5120-089	101,080	7/1/16	6/30/17	(10,104)		10,104						
Security Aid	18-495-034-5120-084	29,905	7/1/17	6/30/18			26,914	(29,905)	(2,991)		*	(2,991)	29,905
Security Aid	17-495-034-5120-084	29,905	7/1/16	6/30/17	(2,989)		2,989						
Adjustment Aid	18-495-034-5120-085	262,863	7/1/17	6/30/18			236,573	(262,863)	(26,290)		*	(26,290)	262,863
Adjustment Aid	17-495-034-5120-085	274,086	7/1/16	6/30/17	(27,398)		27,398						
PARCC Readiness Aid	18-495-034-5120-098	1,570	7/1/17	6/30/18			1,413	(1,570)	(157)		*	(157)	1,570
PARCC Readiness Aid	17-495-034-5120-098	1,570	7/1/16	6/30/17	(157)		157						
Per Pupil Growth Aid	18-495-034-5120-097	1,570	7/1/17	6/30/18			1,413	(1,570)	(157)		*	(157)	1,570
Per Pupil Growth Aid	17-495-034-5120-097	1,570	7/1/16	6/30/17	(157)		157						
Prof Learning Comm Aid	18-495-034-5120-101	1,670	7/1/17	6/30/18			1,503	(1,670)	(167)		*	(167)	1,670
Prof Learning Comm Aid	17-495-034-5120-101	1,670	7/1/16	6/30/17	(167)		167						
Non-public Transportation	18-495-034-5120-014	1,160	7/1/17	6/30/18				(1,160)	(1,160)		*		1,160
Non-public Transportation	17-495-034-5120-014	522	7/1/16	6/30/17	(522)		522						
Reimbursed TPAF SS Contribution	18-495-034-5094-003	87,838	7/1/17	6/30/18			87,331	(87,838)	(507)		*		87,838
Reimbursed TPAF SS Contribution	17-495-034-5094-003	84,693	7/1/16	6/30/17	(4,147)		4,147						
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	102,204	7/1/17	6/30/18			102,204	(102,204)					
On-Behalf TPAF Long-Term Disability	18-495-034-5094-004	183	7/1/17	6/30/18			183	(183)					
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	158,239	7/1/17	6/30/18			158,239	(158,239)					
Total General Fund					(60,764)		903,656	(899,560)	(56,668)			(55,001)	638,934
Special Revenue Fund:													
Preschool Education Aid	18-495-034-5120-086	59,592	7/1/17	6/30/18			59,592	(59,592)			*		59,592
Preschool Education Aid	17-495-034-5120-086	48,819	7/1/16	6/30/17	(4,881)		4,881						
Total Special Revenue Fund					(4,881)		64,473	(59,592)					59,592
Debt Service Fund:													
Debt Service Aid Type II	18-495-034-5120-017	49,764	7/1/17	6/30/18			49,764	(49,764)			*		49,764
State Department of Agriculture													
Enterprise Fund:													
State School Lunch Program	18-100-010-3350-023	500	7/1/17	6/30/18			480	(500)	(20)		*		500
State School Lunch Program	17-100-010-3350-023	556	7/1/16	6/30/17	(22)		22						
Total Enterprise Fund					(22)		502	(500)	(20)				500
Total State Financial Assistance					(\$65,667)		\$1,018,395	(\$1,009,416)	(\$56,688)			(\$55,001)	\$748,790
Less: On-Behalf TPAF Pension System Contributions													
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	102,204	7/1/17	6/30/18			\$102,204	(\$102,204)					
On-Behalf TPAF Long-Term Disability	18-495-034-5094-004	183	7/1/17	6/30/18			183	(\$183)					
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	158,239	7/1/17	6/30/18			158,239	(\$158,239)					
Total State Financial Assistance - Major Program Determination							\$757,769	(\$748,790)					

See accompanying notes to schedules of financial assistance

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,094 for the general fund and (\$1,078) for the special revenue fund. See Note 2 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

MANNINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2018

(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 901,139	\$ 901,139
Special Revenue Fund	194,818	58,514	253,332
Debt Service		49,764	49,764
Food Service Fund	<u>23,508</u>	<u>500</u>	<u>24,008</u>
Total Financial Assistance	\$ <u>218,326</u>	\$ <u>1,009,917</u>	\$ <u>1,228,243</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Mannington School District had no federal or state loan balances outstanding at June 30, 2018.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

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

NOTE 8: MAJOR PROGRAMS

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Federal Awards N/A

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
N/A		

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

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

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-085	Adjustment Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-098	PARCC Readiness
18-495-034-5120-101	Professional Learning Community Aid

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

Section II - Financial Statement Findings

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

Finding: N/A

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

MANNINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS - N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STATE AWARDS - N/A

Finding:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**MANNINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.