

MANCHESTER TOWNSHIP SCHOOL DISTRICT



Manchester Township Board of Education
Manchester Township, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

"Excellence by Example"

**MANCHESTER TOWNSHIP
SCHOOL DISTRICT**

**MANCHESTER TOWNSHIP BOARD OF EDUCATION
MANCHESTER TOWNSHIP, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

**PREPARED BY MANCHESTER TOWNSHIP SCHOOL DISTRICT
BUSINESS OFFICE
MR. CRAIG LORENTZEN
BUSINESS ADMINISTRATOR, BOARD ADMINISTRATOR**

**MANCHESTER TOWNSHIP SCHOOL DISTRICT
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Introductory Section



Manchester Township Board of Education

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Superintendent of Schools

CRAIG A. LORENTZEN, CPA
Business Administrator
Board Secretary

JACKIE BERMUDEZ
President

KEN PATE
Vice President

December 18, 2019

Honorable President and Members
of the Board of Education
Manchester Township School District
County of Ocean
Whiting, New Jersey

Dear Board Members and Constituents of Manchester Township:

The Comprehensive Annual Financial Report of the Manchester Township School District (District) for the fiscal year ended June 30, 2019, 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 of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2019 and the respective changes in financial position and cash flows for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organization chart and roster of officials, consultants and advisors and the Certificate of Excellence in Financial Reporting. The financial section includes Management's Discussion and Analysis (immediately following the report of independent auditors), basic financial statements, required supplementary information and supplementary information, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the Federal Uniform Guidance and New Jersey OMB Circular 15-08. Information related to this single audit, including the independent auditors' reports on internal control and compliance with applicable major programs, are included in the single audit section of this report.

1. Reporting Entity and Its Services

The Manchester Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and the government-wide financial statements of the District are included in this report. The Manchester Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular, special education, vocational education opportunities, student guidance, counseling, English language programs, STEM, STEAM, credit recovery, health services, preschool, extracurricular activities many other support services.

The District completed the 2018/2019 fiscal year with an enrollment of 2,890.0 students. This includes 132 students in grades 9-12 received from Lakehurst Elementary on a tuition basis. The enrollment at the State's Regional Day School at Jackson (RDS) administered by the District for 2018/2019 was 71.0. The following details the changes in the student enrollment of the District and RDS over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2018-2019 (RDS)	2,890.0 71.0	(1.33)% 7.58 %
2017-2018 (RDS)	2,929.0 66.0	(0.64) 13.79
2016-2017 (RDS)	2,948.0 58.0	(0.27) (4.92)
2015-2016 (RDS)	2,956.0 61.0	0.07 (22.78)
2014-2015 (RDS)	2,954.0 79.0	(0.71) 3.95

The District has experienced a slight decline in enrollment over the past few years. There has been a big push for new non-age restricted development in town. With some of this new development, the District expects to see enrollment hold or increase slightly in the near future with the potential for larger increases in the long-term. The District projects that enrollment for 2019-2020 school year to be 2,915 and 66 respectively.

2. Economic Condition and Outlook

The natural features of Manchester Township include vast tracts of Pinelands providing major aesthetic and environmental qualities, which were critical factors in the development of large-scale retirement communities making Manchester one of the major retirement areas in the United States. A major regional factor affecting the future of Manchester Township is the Pinelands Comprehensive Management Plan, which limits development potential in approximately 72 percent of the Township. The Plan protects and preserves the Pinelands of New Jersey as part of a million-acre National Reserve. The Pinelands Plan and Regulations dominate much of

the development of the master plan for Manchester Township as well as master plans for adjacent municipalities, Ocean County and the State.

The Pine Barrens is not agriculturally productive. A combination of acidic and sandy soils makes traditional crop farming very difficult and economically impossible.

The Township of Manchester, the third largest municipality in area size within Ocean County, was chartered in 1865 when it seceded from Dover Township. Manchester Township is a municipality comprised of approximately 82 square miles and is situated in the State of New Jersey along the western boundary line of the County of Ocean. The Township is located approximately 70 miles from the New York-New Jersey metropolitan region and approximately 60 miles from the Philadelphia-New Jersey metropolitan region.

The Township of Manchester is bounded by the Township of Jackson to the north, the Township of Lakewood to the northeast, the Township of Toms River to the east and southeast, the Townships of Berkeley and Lacey to the south, and the Townships of Woodland and Pemberton, in the county of Burlington, to the west.

Today, Manchester Township continues to be one of the best known communities in the northeastern United States for its extensive retirement communities that made the Township one of the fastest growing communities in New Jersey during the period from 1965 through 2010. The future of Manchester Township will be directly affected by the extent of the numerous environmental and planning regulations at the State, Regional, and County levels. The regulations on development will preserve much of Manchester Township as it existed more than two hundred years ago.

Manchester, with over 75% percent of its population age sixty-five or over, has experienced a significant increase in its aging population since 1970. Manchester is experiencing a slowdown of its total population growth. It is predicted that the population composition in the future may increase due to a younger constituent. These changes can be important considerations in planning for the future educational, residential, commercial, office, recreational, public facilities and other needs of the Township. There are a number of new age restricted and non-age restricted housing developments that will materialize in the future which will help increase the net assessed evaluation of the community and enrollment.

Manchester currently has six school buildings ranging in age from 25 years old to 60 years old. Given the age of the buildings, the schools are in excellent condition. The District passed two referendums in the last 10 years which have allowed for significant improvements to infrastructure, HVAC equipment, lighting, security, grounds and building appearance. The focus of this work was to improve school security and improve energy efficiency. The referendums were partially financed by Regular Operating District Grants (ROD) and Debt Service aid which paid for 40% of the project cost with the taxpayers only paying 60% of the project cost.

3. Major Initiatives and Long-Term Planning

Implementation of the goals through specific objectives is a continuous process. However, implementation of the specific objectives occurs within specific timelines. The goals implemented and completed in 2018-2019 were:

Goal: Raise academic expectations and Improve student performance

Status: School level objectives were developed and submitted in reference to the state assessments and subgroups not meeting Annual Yearly Progress (AYP). The following programs were implemented and/or expanded in the District:

Elementary:

- NJSLA Prep Program
- Summer Jump Start Program focuses on Reading and Math.
- New Jersey Student Learning Assessments (NJSLA) updates and revisions to test have been shared with teachers. Teachers developed task charts with writing samples and constructed response tasks consistent with standardize assessment.
- Elementary Supervisor position
- Open ended question strategies (RARE)
- Use RAFTS to prepare students for explanatory and persuasive writing.
- Developmental Reading Assessment (DRA)
- Foundations Reading Program Implemented into Kindergarten to Second Grade and utilized as a Tier 2 Intervention in Third Grade
- Just Words Interventions in Fourth and Fifth Grade
- Guided Reading
- 6+1 Writing Traits
- Daily Five Program
- Flexible Grouping
- iReady: Ready Reading and Ready Math Diagnostic Assessment in Second Grade to Fifth Grade
- Formative Assessments
- Benchmark Assessments
- Writers Workshop
- School Assessment Committee
- Title I Power Hour
- Title I Discovery Club
- Title I Winning Wildcat Club
- Unpacking the Next Generation Science Standards (NGSS)
- MTSD Tiered System of Supports

Middle School:

- Title I Tutor Time
- Title I Project Boost
- Summer Enrichment Program
- School Assessment Committee
- Pre/Post Test in Math and Language Arts
- Interdisciplinary Literacy and Vocabulary Initiative
- Benchmark Assessments – Linkit!
- Developmental Reading Assessment (DRA)
- Stepping Up – Summer Program
- MTSD Tiered System of Supports

High School:

- Student Opportunities for Achievement and Readiness (SOAR)
- Transition Program
- College and Career Readiness (CCR) Prep classes Language Arts and Math
- School Assessment Committee
- Special Education/General Education articulation
- Credit Recovery Program- Apex Learning
- Ed Ready Program with Ocean County College
- Formative Assessments
- School Assessment Committee
- Constructed Response Takes Aligned to NJSLA
- Educational Proficiency Plans
- Science Curriculum revised to reflect Next Generation Science Standards (NGSS)
- MTSD Tiered System of Support

District:

- District Assessment Committee
- MTSD Tiered System of Supports Committee
- Professional Development Committee
- Curriculum Articulation meetings
- Parental Engagement Meetings – Literacy Summer Kick Off and Family Skills Night
- Parent Advisory Committees (PAC)
- School Safety Teams
- ESL Parent Advisory Committee Meetings
- Basic skills teacher/parent meetings
- All curriculum was reviewed and revised to align with most recent New Jersey Student Learning Standards, Common Core Curriculum Content Standards, Technology Standards and Next Generation Science Standards (grades 6-12). This process allows us to get full credit during the NJQSAC evaluation. The Curriculum Committee also identified strengths and weaknesses and made revisions.

Goal: **Provide best possible facilities for learning and insure a safe and caring environment for education and extracurricular activities.**

Status: The District started renovations to five schools in May 2015 as part of a school improvement project that was passed by the voters in September 2014. The renovations included but were not limited to roof repair and replacement, heating, ventilation, and air conditioning replacement, security upgrades, energy efficient lighting and fixtures, electric to natural gas conversion at two schools and site work. This project is addressing some of the most critical needs in the district. The project was completed as of June 2019.

- The District utilizes a School Resource Officer “SRO”, through a shared service inter-local agreement. This officer, who is located in the high school, has been a positive addition to our staff and has been an invaluable resource to improving the safety and security in the high school.

- The District maintained two full time security staff members for the 2018-2019 school year at the high school to assist the School Resource Officer. After extensive research including conversations with parents, staff, Township Police and other representatives it was determined that additional security personnel would provide another level of safety at the high school.
- Continue to have meetings to review our lock-down, active shooter/A.L.I.C.E training, and bomb threat and evacuation procedures. The relationships between the Township and the schools have been excellent in this area.
- The District uses a program districtwide called Share 911. This notification program alerts staff and police when an event occurs. It allows staff and law enforcement to communicate in real time. It is also used to locate staff and students during an event.
- Reviewed the School Safety Manual and the First Thirty Minutes Manual with the Administrative Team. Each principal reviewed and discussed these at the beginning and throughout the year at faculty meetings.
- Continued implementation of a new surveillance and card access/reader system for building entry at all schools.
- All schools have a security vestibule with card readers and upgraded cameras to assist with entry procedures.
- All Administrators attended workshops including mandated Gang Awareness and Harassment, Intimidation and Bullying Workshops.
- Working with Township Officials and Administrative Team to identify areas that need to be addressed throughout the district. An action plan will be developed address these areas as budgetary funds allow.
- The District installed approximately 52 strobe lights throughout the district to assist in recognizing when there is a security event going on in locations that may not hear announcements such as gymnasiums, cafeterias, music rooms and exterior portions of the buildings.
- The District will be looking to add two Class III officers in 2019-2020 to bolster school security. One officer would be placed at the middle school and one would work in the elementary schools.

Goal: **Focus on reducing utility costs through energy conservation**

Status: Since the inception of the Energy Education program in October 2009, the school district has reduced energy cost by over \$4.6 million. The cost reduction has allowed the District to maintain staff and programs that otherwise may have been lost due to tax levy cap restrictions. The District also conducted an energy audit this year through the NJ Clean Energy Audit Program. The energy audit was at no cost to the District and will provide areas where energy savings may be achieved at minimal cost and allow the District to improve infrastructure.

Through the school improvement project passed by the taxpayers in September 2014, the District has upgraded much of its lighting to LED lights with occupancy sensors, converting fully electric buildings to include a natural gas component, installing energy efficient HVAC equipment and updating controls for this equipment.

Goal: **Maintain the full block schedule program at the High School for the 2018-2019 school year.**

Status: The continues to run a Block Schedule at the High School. The block schedule has been very well received by both staff and students. The schedule has raised academic rigor and standards, provided more contact time between students and staff, reduced student discipline, improved student attendance and provided more opportunities for the students which the new schedule provides.

Goal: **Review, Revise and Adopt All Policies to Reflect changes in State Requirements and Address areas of Need**

Status: This year has been another year of a significant amount of new regulations and mandates coming from the State. The District's entire policy manual has been updated to comply with all the new laws, regulations and mandates. The District continues to develop policies that address the new mandates.

Goal: **Continue to maintain and upgrade District technology**

Status: The District maintains over 1,000 computers. Each year, the District purchases a block of new computers to replace older units that have reached their life expectancy and are no longer effective. The replaced units are either repurposed or used for parts. In addition to computers, the District has purchased MOBI's, Epson Brite's, Laptops, Chromebooks, and document cameras to be used as part of the instructional process in all the district schools. The District wireless network has been improved and additional bandwidth was needed to support growing technology. At present, the District has over 3,300 Chromebooks in the district. The district focus going forward is a maintenance and replacement plan for our equipment.

Long-Term Planning:

As we look to the future of Manchester Township School District the following assumptions are made:

- Tax levies for the school district cannot exceed 2% unless we meet one of the few exceptions. This means our cost, many of which are beyond our control must remain within the tax levy cap.
- School personnel and healthcare cost have the largest impact on the school budget. Therefore, these costs will have a significant role on future budgets.
- Energy costs have been relatively stable thanks to a program the district implemented in October 2009. To date, the program has saved the district over \$4.6 million dollars in

energy cost. The District has maintained solar panels at the high school since 2004 and through our recent referendum upgraded nearly 70% of its heating, ventilation, air conditioning, lighting and controls in an effort to save energy costs.

- All other controllable expenditures will be held to an inflationary growth of 2% or less in future budget cycles.
- The District will work to maintain Capital and Maintenance reserves despite the 2% tax levy cap and flat state funding so it can address needs that may arise to improve or add to our existing facilities.

The District will face many challenges in the upcoming years. With the recent passing of Bill S2 which eliminates the “hold harmless” provision from the school funding formula and funds districts based on enrollment and some other factors, the district is slated to lose approximately \$1.0M in state aid over the life of the bill. With the tax levy cap on top of that, the District will have to find additional ways to control expenses and look for other ways to bring alternative revenue sources into the District.

4. Internal Control

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

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

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

5. Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end either are canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned fund balance at June 30, 2019.

6. Accounting System and Reports

The District's financial statements are presented in conformity with accounting principles generally accepted in the United States, as promulgated by the GASB. The accounting system of the District is organized based on funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

7. Other Information

A. Independent Audit. State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of PKF O'Connor Davies was selected 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 Federal Uniform Guidance and New Jersey OMB Circular 15-08. The auditors' report on the basic financial statements, required supplementary information, and other supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

B. Awards: The International Association of School Business Officials (ASBO) awarded a "Certificate of Excellence in Financial Reporting" to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This is the twenty-fourth consecutive year that the District has received this prestigious award. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States and applicable legal requirements.

The Certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Programs' requirements and we are submitting it to ASBO to determine its eligibility for the fiscal year 2018/2019 certificate.

8. Major Operations or Financial Concerns

The District has continued to manage its fund balance to control the existing tax burden to its constituents. The state developed a new funding plan that reduced the District's 2010-2011 operating budget by \$2.3 million through state aid reductions. While the District did receive some of that aid back in past years, it is only a fraction of what was taken during the 2010-2011 school year. Therefore, the effects of the cut in 2010-2011 will be felt in all future budgets until this funding is restored. With the recent passing of Bill S2 which removed the "hold harmless" provision of the state funding formula and now funds districts based on enrollment and several other factors; the district is slated to lose approximately \$1.0M in state aid over the life of the bill. The District currently receives less than 9% of its revenues from state sources and that is expected to decrease for the foreseeable future. That has caused budget preparation concerns because of the conscientious decision to work within the cap constraints and not increase the appropriation side of the budget. The need for increased state aid in the form of senior stabilization and as a "B" Level District, 100% funding to meet facility requirements is needed to help stabilize the tax rate for its citizens.

Manchester is currently in a good financial position. With the implementation of the 2% tax levy cap a few years ago, it has been extremely challenging developing budgets within that cap that provide the resources needed for the district to provide a thorough and efficient education. The district has been able to maintain staff and programs, develop curriculum, expand technology, improve security, introduce some new programs and maintain facilities. Each year the district is faced with new challenges. With the uncertainty of available funding for state and federal school aid, the tax levy cap, certain costs increasing each year well beyond the tax levy cap, the uncertainty of special education costs and new mandates from the state, planning for the future is on a year to year basis.

9. Significant Budget Variations or Modifications Discussion for Next Year


The impact of the increase in the Federal Minimum Wage will be significant budget variation in the 2019-2020 budget and beyond. Currently, minimum wage is \$10 per hour. This will increase to \$11 per hour in January 2020 and then a dollar a year after that until we reach \$15 per hour. This rate increase will effect most if not all district substitute staff and will increase the cost we pay to provide coverage for staff absences. The increased cost will require resources from other areas of the budget to be reallocated to personnel costs.

With the comprehensive funding formula that is being developed at the state level, it is unknown regarding the manner in which the budget needs to be modified. The District cost per pupil is slightly above state average at present, but the lack of information concerning State School Aid make the future of funding education in Manchester unclear.


10. Acknowledgments

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

Respectfully Submitted,



David Trethaway
Superintendent



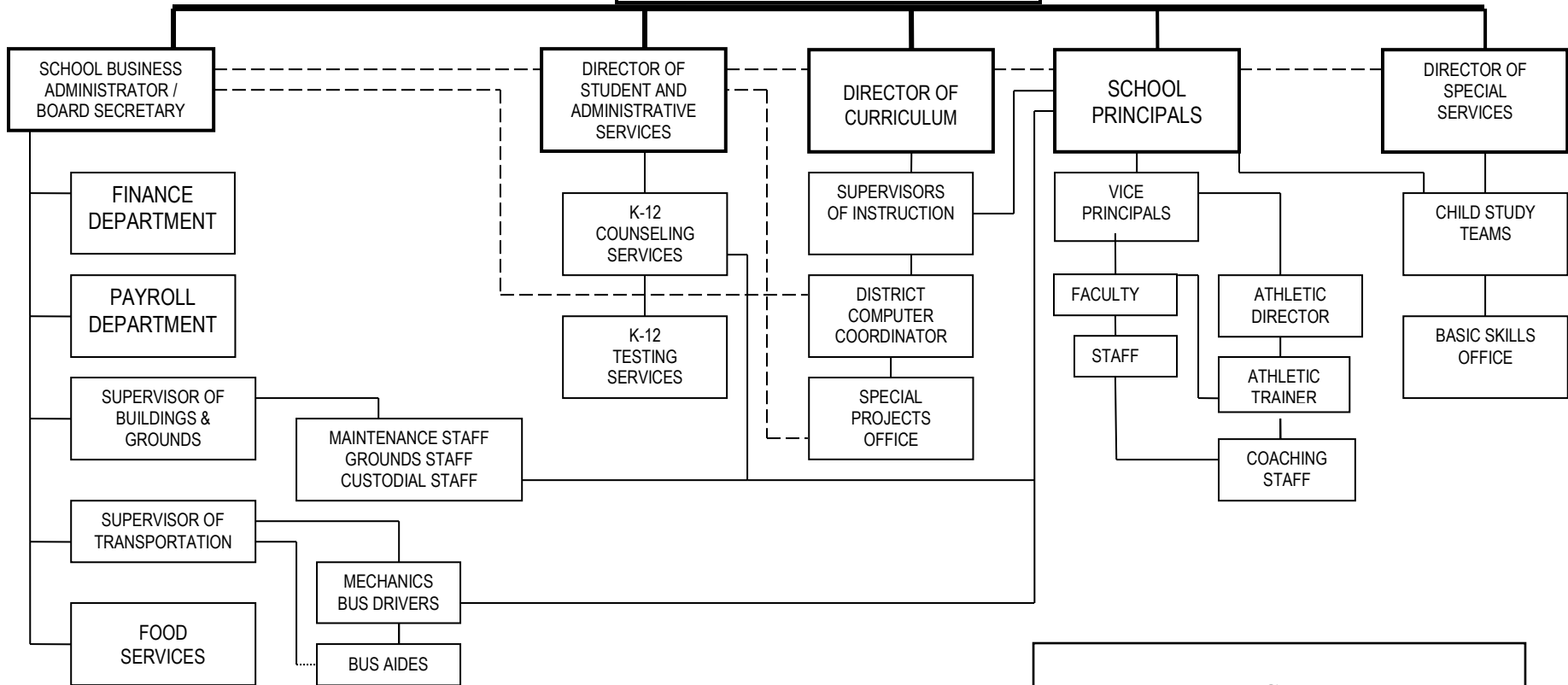
Craig A. Lorentzen, CPA
Board Secretary
Business Administrator

MANCHESTER TOWNSHIP SCHOOL DISTRICT

Organization Chart

BOARD OF EDUCATION

SUPERINTENDENT



LEGEND

_____ Primary Reporting Authority

----- Line of Cooperation

Manchester Township School District
Manchester Township, New Jersey

Roster of Officials

June 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jackie Bermudez, President	2019
Ken Pate, Vice President	2020
Bryan Jenner	2021
Jennifer Hudak	2020
Christopher Nolan	2021
Patrick Barry	2019
Melanie Biscardi	2020
Deborah Pease (Lakehurst Board Representative)	

Other Officials

David Trethaway, Superintendent of Schools
Craig A. Lorentzen, CPA, Board Secretary/School Business Administrator

Manchester Township School District
Manchester Township, New Jersey

Independent Auditors and Advisors

Independent Auditors

PKF O'Connor Davies, LLP
20 Commerce Drive, Suite 301
Cranford, NJ 07016

Attorney

Thomas Monahan, Esq.
Dasti, Murphy, McGuckin, Ulaky, Koutsouris & Connors
The Clocktower Building
620 West Lacey Road
P.O. Box 1057
Forked River, New Jersey 08731

Official Depositories

Ocean First Bank
400 Lacey Road
Whiting, New Jersey 08759



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Manchester Township School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

Financial Section

Independent Auditors' Report

**Honorable President and Members
of the Board of Education
Manchester Township School District**
County of Ocean
Whiting, 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 Manchester Township School District, County of Ocean, New Jersey (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

PKF O'CONNOR DAVIES, LLP
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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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

**Honorable President and Members
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Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and are also not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

December 18, 2019
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant
No. 2305

Required Supplementary Information – Part I

Management's Discussion and Analysis

Manchester Township School District
Management's Discussion and Analysis
Year ended June 30, 2019

As management of the Manchester Township School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year (2018-2019) and the prior fiscal year (2017-2018) is presented in the MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 28 - 29 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-

wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

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

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget and supplementary information for the debt service fund.

The basic governmental fund financial statements can be found on pages 30 – 32 of this report.

Proprietary funds. The District maintains two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service program and regional day school, both of which are considered to be major funds of the District. The internal service fund is used to accumulate and allocate costs internally among the District's various functions or for providing a service to other entities on a break-even basis over time. The District uses two internal service funds to account for services provided to other entities for transportation and SAT Preparation. The internal service funds have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 33 - 35 of this report.

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

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The District also uses trust funds to account for an unemployment compensation fund and a private purpose scholarship fund. The basic fiduciary fund financial statements can be found on pages 36 - 37 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 38 - 76 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds, enterprise funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 82 - 110 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2019 and 2018:

Manchester Township Board of Education Manchester Township, New Jersey						
Net Position						
	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets						
Current and other assets	\$ 4,107,243	\$ 697,577	\$ 4,804,820	\$ 3,356,435	\$ (382,434)	\$ 2,974,001
Capital assets, net	47,265,616	144,839	47,410,455	49,318,193	166,982	49,485,175
Total assets	<u>51,372,859</u>	<u>842,416</u>	<u>52,215,275</u>	<u>52,674,628</u>	<u>(215,452)</u>	<u>52,459,176</u>
Deferred outflows of resources	<u>7,004,328</u>	<u>855,731</u>	<u>7,860,059</u>	<u>8,330,670</u>	<u>1,019,801</u>	<u>9,350,471</u>
Liabilities:						
Current liabilities	1,983,029	169,451	2,152,480	1,477,366	505,733	1,983,099
Net pension liabilities	19,833,578	2,723,668	22,557,246	22,601,713	3,090,152	25,691,865
Long-term liabilities outstanding	<u>27,713,031</u>	<u></u>	<u>27,713,031</u>	<u>30,485,897</u>	<u></u>	<u>30,485,897</u>
Total Liabilities	<u>49,529,638</u>	<u>2,893,119</u>	<u>52,422,757</u>	<u>54,564,976</u>	<u>3,595,885</u>	<u>58,160,861</u>
Deferred inflow of resources	<u>6,830,115</u>	<u>891,814</u>	<u>7,721,929</u>	<u>4,771,355</u>	<u>619,247</u>	<u>\$ 5,390,602</u>
Net position:						
Net investments in capital assets	24,092,836	144,839	24,237,675	23,505,093	166,982	23,672,075
Restricted	2,140,175		2,140,175	2,058,828		2,058,828
Unrestricted (deficit)	<u>(24,215,577)</u>	<u>(2,244,929)</u>	<u>(26,460,506)</u>	<u>(23,894,954)</u>	<u>(3,532,016)</u>	<u>(27,426,970)</u>
Total net position	<u>\$ 2,017,434</u>	<u>\$ (2,100,090)</u>	<u>\$ (82,656)</u>	<u>\$ 1,668,967</u>	<u>\$ (3,365,034)</u>	<u>\$ (1,696,067)</u>

Governmental Activities

The increase in current and other assets from the prior year was primarily attributable to a significant increase in receivables. The increase in receivables was mainly driven by the amount owed from the Lakehurst School District. Due to unanticipated events in Lakehurst Elementary School, the Lakehurst School District did not have the cash on hand to pay the Manchester School District the tuition amounts for the months of February 2019 through June 2019. The Manchester School District has collected substantially all of the receivable through September 30, 2019 and full collection is expected.

Capital assets decreased from the current year depreciation expense of \$2,547,962 offset with capital asset acquisitions of \$119,558 and an increase to construction in progress in the amount of \$406,517.

Significant changes to deferred outflows and deferred inflows of resources pertain primarily to the impact of the changes in the GASB 68 net pension liability calculation performed in the schedule of employer allocations and schedule of pension amounts by employer. The changes in 2019 from the prior year resulted from changes in assumptions calculated by the actuary in conjunction with the net pension liability calculation for the measurement date of June 30, 2017 and rolled forward to June 30, 2018. The net pension liability associated with the District's governmental activities at June 30, 2019 amounted to \$19,833,578, which was a decrease of approximately \$2,768,000 and resulted from changes in the net pension calculation. Long-term liabilities decreased by principal payments made in the amount of \$2,150,000 in bonds payable.

The largest portion of the District's net position is its net investment in capital assets, \$24,092,836 (e.g., land, construction-in-progress, buildings and improvements, and furniture and equipment), less accumulated depreciation and any related debt (general obligation bonds payable and obligations under capital leases) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The restricted portion of the net position in the amount of \$2,140,175 is comprised of unexpended amounts in the Capital Projects Fund in the amount of \$406,985, amounts restricted for Maintenance Reserve in the amount of \$372,410, amounts restricted for Capital Reserve in the amount of \$700,000, and excess surplus in the amount of \$660,780 that is restricted to be utilized in the District's 2020 and 2021 fiscal year budgets.

The remaining deficit balance, (\$24,215,577) of unrestricted net position reflects long-term obligations, such as compensated absences and the net pension liability.

Business-Type Activities

There was an increase from the prior year of approximately \$1,265,000 in net position reported in connection with the District's business-type activities as a result of the following:

- For the Regional Day School, overall net position for the program increased approximately \$1,200,000 driven by a significant increase in enrollment and an expansion to the preschool program in the 2018-2019 year.
- The Regional Day School's share of the net pension liability decreased by approximately \$367,000 to \$2,723,668. There was a reported unrestricted net position deficit at year-end of \$(2,305,055).
- Without the current year effects of the net pension liability, the Regional Day School's unrestricted net position was \$590,415 compared to a deficit of (\$749,075). The increase in unrestricted net position was the result of strict budgeting and an increase in enrollment, specifically related to the school's preschool program.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2019 and 2018 are as follows:

Manchester Township Board of Education
Manchester Township, New Jersey

Changes in Net Position

	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,977,547	\$ 7,813,771	\$ 10,791,318	\$ 2,832,516	\$ 6,273,034	\$ 9,105,550
Operating and capital grants and contributions	1,546,775	751,314	2,298,089	1,711,440	778,418	2,489,858
General revenues:						
Property taxes	48,049,159		48,049,159	46,764,152		46,764,152
Federal and state aid not restricted to specific purposes	21,871,912		21,871,912	27,471,011		27,471,011
Investment earnings	33,678		33,678	46,614		46,614
Miscellaneous	89,249	30,690	119,939	119,928		119,928
Total revenues	74,568,320	8,595,775	83,164,095	78,945,661	7,051,452	85,997,113
Expenses:						
Instructional services	45,077,010	2,167,430	47,244,440	48,809,660	2,126,095	50,935,755
Support services	28,327,604	5,163,401	33,491,005	30,500,911	5,251,377	35,752,288
Interest on long-term liabilities	815,239		815,239	893,322		893,322
Total expenses	74,219,853	7,330,831	81,550,684	80,203,893	7,377,472	87,581,365
Change in net position	348,467	1,264,944	1,613,411	(1,258,232)	(326,020)	(1,584,252)
Net position (deficit) - beginning	1,668,967	(3,365,034)	(1,696,067)	2,927,199	(3,039,014)	(111,815)
Net position (deficit) - ending	\$ 2,017,434	\$ (2,100,090)	\$ (82,656)	\$ 1,668,967	\$ (3,365,034)	\$ (1,696,067)

Governmental Activities

Operating and capital grants and contributions decreased in the current year resulting from the District utilizing its New Jersey Schools Development Authority funding in the prior year. During the 2019 fiscal year, the capital projects requiring NJSDA funding were substantially completed. Only \$3,097 was recognized in 2019 that pertained to SDA adjustments compared to \$212,035 recognized in 2018 from state share expenditures.

Property tax revenue increased to balance the budget for increases in salaries, benefits and pension costs. The total general fund tax levy in 2019 was \$45,262,715. That is an increase of \$1,284,902 over the 2018 general fund tax levy of \$43,977,813. The 2018-19 levy is below the state-mandated 2 percent cap.

The total decrease from 2017/18 to 2018/19 in state and federal aid was \$5,599,099. This significant decrease was primarily driven by a \$5,769,392 reduction in the total on-behalf retirement medical and pension amounts recognized in state source revenue and instructional expenditures above. Changes in assumptions and other variables including mortality rates and discount rates in the actuarial GASB 68 and 75 calculations resulted in this decrease.

Business-Type Activities

- Charges for services increased by \$1,540,733 from 2018, or 24.56% as a result of an increase in enrollment in the Regional Day School driven by the expansion of preschool program.
- Overall expenses remained in line with the prior year and fluctuated marginally with reductions to supplies and materials offset by modest increases to salary and health benefit expenses.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District's fund balance amounts are classified as restricted, assigned and unassigned.

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 schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2019, and the increases in relation to the prior year.

Revenue	Amount	Percent of Total	Increase From 2018	Percent of Increase
Local Sources	\$50,745,287	75.78%	\$1,366,257	2.77%
State Sources	14,628,123	21.84%	<u>1,327,735</u>	9.98%
Federal Sources	1,591,886	2.38%	11,921	0.75%
Total	<u>\$66,965,296</u>	100.00%	\$2,705,913	3.54%

The increase in local sources is mainly attributable to the tax levy increase of approximately \$1,285,000. As mentioned previously, the District's overall increase in the tax levy is within the 2% levy cap as promulgated by the State Legislature.

The increase in state sources is largely a result of the State of New Jersey increasing the amount paid by the State on behalf of the District for TPAF Pension, Medical and Long-term Disability Insurance contributions by \$1,129,777.

The decreases in federal sources is the result of the District receiving less Special Education Medicaid Initiative (SEMI) program revenue in the current year than the prior fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2019 and the increases and (decreases) related to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2018	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$25,894,888	38.86%	\$348,397	1.36%
Undistributed expenditures	37,033,225	55.58%	1,810,035	5.14%
Capital outlay	715,325	1.07%	(802,262)	-52.86%
Debt service:				
Principal	2,150,000	3.23%	75,000	3.61%
Interest	838,856	1.26%	(69,249)	-7.63%
Total	\$66,632,294	100.00%	\$1,361,921	4.93%

The increase in instruction and undistributed expenditures is attributable primarily to an increase to enrollment in tuition to private school for the handicapped-within the state and general contractual salary raises and increases in health benefits. The increases to undistributed expenditures resulted from increases in TPAF pensions, medical and long-term disability insurance contributions in the amount of \$1,129,777. The decrease in capital outlay resulted from the acquisition of a capital lease at June 30, 2018 in the amount of \$845,000. The District did not enter into any new capital lease agreements for the year ended June 30, 2019. The District did; however, enter into a lease agreement on July 11, 2019. See subsequent footnote number 1 in the Notes to Basic Financial Statements for more information.

The overall increase in expenditures reflects the District's continuing efforts to offer exceptional opportunities to its students while also controlling the growth in its budget.

General Fund

The fund balance increased by approximately \$333,000 during the 2019 fiscal year as a result of an increase in the local tax levy 2019 in the amount of \$1,284,902 offset by overall increases to expenditures of salary and health benefit expenditures.

As of June 30, 2019, the District has an unassigned fund balance of \$1,014,890 and excess surplus generated in the current year in the amount of \$460,826. The District designated \$199,954 in excess surplus for the subsequent years' expenditures, which is restricted for the subsequent years' budget. Additionally, the District maintains a capital reserve restricted fund balance in the amount of \$700,000 for future capital improvements, as well as, a maintenance reserve restricted fund balance in the amount of \$372,410 for future maintenance projects. \$100,000 is assigned and designated for subsequent; year's expenditures and \$9,863 is recorded in encumbrances and assigned for other purposes.

Special Revenue Fund

Expenditures incurred in the Special Revenue Fund increased by approximately \$40,000 as a result of an increase in the receipt of local grants.

Capital Projects Fund

As of June 30, 2019, the District's Capital Project's Fund Balance was approximately \$407,000 which represented a decrease of \$123,000 as a result of the substantial completion of the capital referendum projects in the prior year.

Debt Service Fund

As of June 30, 2019, the District's Debt Service Fund Balance was \$103,505. This is an increase from the prior year of approximately \$103,000. The increase was generated by the transfer of \$102,273 generated by energy rebates in prior years that were recorded in capital projects fund. The balance will be utilized to fund future principal and interest payments.

Capital Asset and Debt Administration

Capital Assets. The District has capital assets, net of accumulated depreciation, including land, construction in progress, buildings, facilities, equipment and vehicles noted as follows at June 30, 2019 and 2018:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$1,220,818	\$1,220,818			\$1,220,818	\$1,220,818
Construction in process	406,517				406,517	
Buildings and building improvements	42,550,435	44,566,516			42,550,435	44,566,516
Machinery, equipment and vehicles	3,087,846	3,530,859	\$144,839	\$166,982	3,232,685	3,697,841
Total capital assets, net	<u>\$47,265,616</u>	<u>\$49,318,193</u>	<u>\$144,839</u>	<u>\$166,982</u>	<u>\$47,410,455</u>	<u>\$49,485,175</u>

For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration. The District's long-term liabilities are as follows for the governmental activities at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Bonds payable (net)	\$22,618,603	\$24,845,016
Capital leases payable	1,312,546	1,813,538
Compensated absences	3,781,882	3,827,343
Total long-term liabilities	<u>\$27,713,031</u>	<u>\$30,485,897</u>

For more detailed information, please refer to Note 5 to the basic financial statements.

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget other than transfers between appropriation accounts and an appropriation of \$125,000 from Maintenance Reserve and \$400,000 from Capital Reserve.

Significant budgetary transfers were made between budgetary line items and approved by the Board for various reasons including:

- Increase of approximately \$232,000 in tuition for private school for the handicapped - within state related to increases in enrollment.
- Various salary account lines to account for changes in the position control at the time the budget was developed to the time that school opened in the fall.
- Increase of approximately \$200,000 to cleaning repair and maintenance resulting from various repair projects that were not anticipated at the time of the budget.
- Health benefits – a decrease of approximately \$358,000 to more closely align to actual expenditures incurred and utilize for other budgetary needs.

Economic Factors and Next Year's Budget

The Manchester Township Board of Education is financially stable. The School District is proud of the community support of its public schools. The District will continue to be financially sound through cost efficient and effective means in all areas.

During the 2018-2019 school year the District's state aid remained relatively flat from the 2017-2018 funding levels. The District's Debt Service Assessment payable remained the same as the prior year but it reduces our total state aid received by the amount of the required payment. In 2018-2019 the districts state aid was cut \$332,000 as part of Senate Bill S2 which removed a provision that allowed districts to maintain its currently funding levels regardless of changes in enrollment "hold harmless provision". The District lost state aid again for 2019-2020 under S2, however it was less than anticipated in the previous year due to changes in the state aid funding formula. S2 is in place for another five years and state aid is expected to reductions are anticipated in each year. This is primarily due to the state's incorporation of enrollment figures in the funding formula which are projected to decrease for the District and are projected to decrease in the upcoming years.

The state funding of education in New Jersey is causing an undue hardship on most districts in the state and Manchester is no exception. The district received approximately 9% of its general fund budget from categorical state aid during 2018-2019 school year, excluding on-behalf TPAF, FICA and pension when the average ranges from 40-70% in other Districts of similar size and type to Manchester. This presents an enormous disadvantage to all the constituents of Manchester. District representatives have attended several meetings over the inequity of the school funding formula and how the formula determines that Manchester is wealthy based on income and property value when in reality our median income of \$41,000 is the 13th lowest in the state, we are 7.6% below the poverty level and the average home value is \$161,000. Although the funding formula for state aid state aid has not significantly favored funding for the District.

The District maintains over 1,100 computers. Each year, the District purchases a block of new computers to replace older units that have reached their life expectancy and are no longer effective. The replaced units are either repurposed or used for parts. In addition to computers, the District has purchased MOBI's, Epson Bright's, Laptops Chromebooks, iPads and document cameras to be used as part of the instructional process in all the district schools. The District has fully implemented new state testing mandates. The District installed a wireless network throughout the district and added additional bandwidth, new computer labs, laptops, Chromebooks and desktops to meet the testing requirements. This State mandate is unfunded. At present, the District has over 3,200 Chromebooks in the district. Additionally, our instructional classrooms are now equipped with interactive projectors. The additional technology equipment requires us to continually monitor our Wi-Fi capabilities and make upgrades where needed.

The District has continued its energy savings program in an effort to reduce the demand required from the public utility companies due to rising utility costs. This program is a people based program intended to reduce energy consumption by implementing certain cost savings measures. Since its inception in October 2009, the District has reduced its energy costs by over \$3,600,000 and is very optimistic that it will continue to save on energy consumption in the future. Additionally, in the upcoming school year, Manchester will continue to participate and seek opportunities through shared services with municipalities and other school districts as well as cooperative purchasing agreements to reduce district operating costs.

The new minimum wage law will be something that the District will have to deal with going forward. Each budget cycle will experience two one-dollar an hour increases in minimum wage until the minimum wage reaches \$15 per hour. This is going to have a significant impact on how the District budgets for substitutes and will require funding to be diverted from other areas of the budget to accommodate the increase in wages that will be paid.

There is some non-commercial development going on and planned in Manchester. We have seen an initial increase in our enrollment since June 30, 2019 as a result of this. If this trend continues, and enrollment continues to grow, it could potentially offset future losses in state aid.

The District continues to look to the future for a better way to fund public education. In addition, the Manchester Township School District has committed itself to financial excellence for many years. District's system of financial planning, budgeting and internal financial controls are well respected and the District has received the certificate of excellence in financial accounting from International ASBO for 24 years in a row. The School District plans to continue its sound fiscal management to meet the challenges of the future.

All of these factors were considered in preparing the District's budget for the 2019-2020 fiscal year. The reduction and/or stabilization of state aid will make future budgets difficult.

Requests for Information

This financial report is designed to provide a general overview of the Manchester Township School District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Administrator, P.O. Box 4100, 121 Route 539, Whiting, New Jersey 08759-4100.

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2019.

Manchester Township School District

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 646,753	\$ 4,849	\$ 651,602
Accounts receivable	2,331,764	679,521	3,011,285
Inventories		13,207	13,207
Investments	56,316		56,316
Restricted assets:			
State accounts receivable	1,072,410		1,072,410
Capital assets, non-depreciable	1,627,335		1,627,335
Capital assets, depreciable, net	45,638,281	144,839	45,783,120
Total assets	<u>51,372,859</u>	<u>842,416</u>	<u>52,215,275</u>
Deferred Outflows of Resources			
Pension deferrals	6,245,959	855,731	7,101,690
Deferred loss on defeasance of debt	758,369		758,369
Total deferred outflows of resources	<u>7,004,328</u>	<u>855,731</u>	<u>7,860,059</u>
Liabilities			
Accounts payable	1,560,686	168,217	1,728,903
Other liabilities	55,387	2,976	58,363
Accrued interest payable	314,789		314,789
Unearned revenue	52,167	11,562	63,729
Net pension liability	19,833,578	2,723,668	22,557,246
Current portion of long-term obligations	2,674,661		2,674,661
Noncurrent portion of long-term obligations	25,038,370		25,038,370
Total liabilities	<u>49,529,638</u>	<u>2,906,423</u>	<u>52,436,061</u>
Deferred Inflow Of Resources			
Pension deferrals	<u>6,830,115</u>	<u>891,814</u>	<u>7,721,929</u>
Net Position			
Net Investment in capital assets	24,092,836	144,839	24,237,675
Restricted for:			
Capital projects	406,985		406,985
Capital Reserve	700,000		700,000
Maintenance Reserve	372,410		372,410
Excess Surplus	660,780		660,780
Unrestricted (deficit)	<u>(24,215,577)</u>	<u>(2,244,929)</u>	<u>(26,460,506)</u>
Total net position	<u>\$ 2,017,434</u>	<u>\$ (2,100,090)</u>	<u>\$ (82,656)</u>

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

Manchester Township School District

Statement of Activities

Year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
Instruction	\$ 45,077,010	\$ 2,491,973	\$ 1,363,987		\$ (41,221,050)		\$ (41,221,050)
Support services:							
Attendance/social work	74,326				(74,326)		(74,326)
Health services	523,308				(523,308)		(523,308)
Other support services	5,733,523		179,691		(5,553,832)		(5,553,832)
Improvement of instruction	1,646,178				(1,646,178)		(1,646,178)
Other support:							
Instructional staff	73,105				(73,105)		(73,105)
School library	632,419				(632,419)		(632,419)
General administration	2,313,823				(2,313,823)		(2,313,823)
School administration	5,181,587				(5,181,587)		(5,181,587)
Required maintenance of plant services	1,308,136				(1,308,136)		(1,308,136)
Operation of plant	4,845,177			\$ 3,097	(4,842,080)		(4,842,080)
Student transportation	5,996,023	485,574			(5,510,449)		(5,510,449)
Interest on long-term debt	815,239				(815,239)		(815,239)
Total governmental activities	<u>74,219,853</u>	<u>2,977,547</u>	<u>1,543,678</u>	<u>3,097</u>	<u>(69,695,531)</u>		<u>(69,695,531)</u>
Business-type activities							
Food service	1,350,444	780,803	598,069		\$ 28,428		28,428
Regional day school	5,980,387	7,032,968	153,245		1,205,826		1,205,826
Total business-type activities	<u>7,330,831</u>	<u>7,813,771</u>	<u>751,314</u>		<u>1,234,254</u>		<u>1,234,254</u>
	<u>\$ 81,550,684</u>	<u>\$ 10,791,318</u>	<u>\$ 2,294,992</u>	<u>\$ 3,097</u>	<u>(69,695,531)</u>	<u>1,234,254</u>	<u>(68,461,277)</u>
General revenues:							
Property taxes, levied for general purposes					45,262,715		45,262,715
Property taxes, levied for debt service					2,786,444		2,786,444
Federal sources, unrestricted					99,418		99,418
State sources, unrestricted					21,772,494		21,772,494
Investment earnings					33,678		33,678
Miscellaneous income					89,249	30,690	119,939
Total general revenues					<u>70,043,998</u>	<u>30,690</u>	<u>70,074,688</u>
Change in net position					348,467	1,264,944	1,613,411
Net position (deficit)—beginning					1,668,967	(3,365,034)	(1,696,067)
Net position (deficit)—ending					<u>\$ 2,017,434</u>	<u>\$ (2,100,090)</u>	<u>\$ (82,656)</u>

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

Fund Financial Statements

Governmental Funds

Manchester Township School District
Governmental Funds

Balance Sheet

June 30, 2019

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 17,300	\$ 118,593	\$ 509,363	\$ 1,127	\$ 646,383
Investments	56,316				56,316
Accounts receivable:					
State	930,758				930,758
Federal		225			225
Other	1,266,519				1,266,519
Interfund receivable		60,358		102,378	162,736
Restricted assets:					
Cash	1,072,410				1,072,410
Total assets	\$ 3,343,303	\$ 179,176	\$ 509,363	\$ 103,505	\$ 4,135,347
Liabilities					
Accounts payable	\$ 429,973	\$ 127,009			\$ 556,982
Other liabilities	55,387				55,387
Interfund payable			\$ 102,378		102,378
Unearned revenue		52,167			52,167
Total liabilities	485,360	179,176	102,378		766,914
Fund balances:					
Restricted for:					
Excess Surplus - current year	460,826				460,826
Excess Surplus - prior year - designated for subsequent year's expenditures	199,954				199,954
Maintenance reserve	372,410				372,410
Capital reserve	700,000				700,000
Debt service				\$ 103,505	103,505
Capital projects			406,985		406,985
Assigned to:					
Designated for subsequent year's expenditures	100,000				100,000
Other purposes	9,863				9,863
Unassigned:					
General fund	1,014,890				1,014,890
Total fund balances	2,857,943		406,985	103,505	3,368,433
Total liabilities and fund balances	\$ 3,343,303	\$ 179,176	\$ 509,363	\$ 103,505	

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 \$100,575,970 and the accumulated depreciation is \$53,310,354.	47,265,616
Internal service funds are used by the District to charge the costs of the programs to the individual funds. The assets and liabilities of the internal service funds are included with governmental activities.	73,857
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(314,789)
Accounting loss on advanced refunding.	758,369
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(584,156)
Accrued pension contributions for the June 30, 2019 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,003,287)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(19,833,578)
Long-term liabilities, including bonds payable, capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(27,713,031)
Net position of governmental activities	<u>\$ 2,017,434</u>

Manchester Township School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2019

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 45,262,715			\$ 2,786,444	\$ 48,049,159
Tuition	2,491,973				2,491,973
Interest Income			\$ 672		672
Investment Income	33,006				33,006
Miscellaneous	119,939	\$ 51,210			171,149
Total local sources	47,907,633	51,210	672	2,786,444	50,745,959
State sources	14,426,061		3,097	202,062	14,631,220
Federal sources	99,418	1,492,468			1,591,886
Total revenues	62,433,112	1,543,678	3,769	2,988,506	66,969,065
Expenditures:					
Current:					
Instruction	21,847,624	1,363,987			23,211,611
Undistributed-current:					
Instruction	2,683,277				2,683,277
Attendance/social work	47,471				47,471
Health services	523,308				523,308
Support services	2,855,292	179,691			3,034,983
Improvement of instruction	894,789				894,789
School library	354,167				354,167
Instructional staff training	65,054				65,054
General administration	615,012				615,012
School administration	1,934,739				1,934,739
Central services	583,511				583,511
Information technology	318,159				318,159
Required maintenance for school facilities	946,061				946,061
Operation of plant	3,865,307				3,865,307
Student transportation	3,662,054				3,662,054
Unallocated benefits	11,990,729				11,990,729
On-behalf TPAF social security and pension contributions	8,197,881				8,197,881
Capital outlay	715,325		23,350		738,675
Debt service:					
Principal				2,150,000	2,150,000
Interest				838,856	838,856
Total expenditures	62,099,760	1,543,678	23,350	2,988,856	66,655,644
Excess (deficiency) of revenues over (under) expenditures	333,352		(19,581)	(350)	313,421
Other financing sources (uses):					
Transfers in				102,945	102,945
Transfers out			(102,945)		(102,945)
Total other financing sources (uses)	-		(102,945)	102,945	-
Net change in fund balances	333,352		(122,526)	102,595	313,421
Fund balances, July 1	2,524,591		529,511	910	3,055,012
Fund balances, June 30	\$ 2,857,943		\$ 406,985	\$ 103,505	\$ 3,368,433

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in accompanying schedule (B-3).

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

Manchester Township School District
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Net Position

Year ended June 30, 2019

Total net change in fund balances - governmental funds (from B-2)	\$	313,421
<p>Amounts reported for governmental activities in the statement of net activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital additions in the period.</p>		
	Capital Asset Additions	\$ 526,075
	Capital Asset Transferred	(30,690)
	Depreciation Expense	<u>(2,547,962)</u>
		(2,052,577)
<p>Repayments of bond principal and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of net position.</p>		
	Serial Bonds Payable	2,150,000
	Obligations Under Capital Leases	<u>500,992</u>
		2,650,992
<p>Changes to net pension liability, deferred outflows and deferred inflows reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
	Pension and Related Changes in Deferrals	(632,817)
<p>Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position. This amount is the net effect of these differences.</p>		
	Amortization of Premiums on Bonds	81,062
	Amortization of Discounts on Bonds	(4,649)
	Amortization of Deferred Loss on Defeasance	<u>(87,086)</u>
		(10,673)
<p>Internal service funds are used by the District to charge the costs of the internal programs to the individual funds. The activities of this fund are included in the Statement of Net Position.</p>		
		370
<p>In the statement of net position, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount reflects the change from prior year.</p>		
		34,290
<p>In the statement of net position, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).</p>		
		45,461
Change in net position of governmental activities (A-2)	\$	<u>348,467</u>

See accompanying notes to basic financial statements.

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

Proprietary Funds

Manchester Township School District
Proprietary Funds

Statement of Net Position

June 30, 2019

	Major Funds			Internal Service Funds
	Business Type Activities - Enterprise Funds			
	Food Service	Regional Day School	Totals	
Assets				
Current assets:				
Cash and cash equivalents		\$ 4,849	\$ 4,849	\$ 370
Accounts receivable:				
State	\$ 805	9,415	10,220	
Federal	39,272		39,272	
Other	28,732	601,297	630,029	134,262
Inventories	13,207		13,207	
Total current assets	<u>82,016</u>	<u>615,561</u>	<u>697,577</u>	<u>134,632</u>
Noncurrent assets:				
Capital assets:				
Vehicles and equipment	760,918	2,521,359	3,282,277	
Accumulated depreciation	(690,024)	(2,447,414)	(3,137,438)	
Total capital assets, net	<u>70,894</u>	<u>73,945</u>	<u>144,839</u>	
Total noncurrent assets	<u>70,894</u>	<u>73,945</u>	<u>144,839</u>	
Total assets	<u>152,910</u>	<u>689,506</u>	<u>842,416</u>	<u>134,632</u>
Deferred Outflows of Resources				
Pension deferrals		<u>855,731</u>	<u>855,731</u>	
Liabilities				
Current liabilities:				
Accounts payable	10,328	157,889	168,217	417
Interfund payable				60,358
Other current liabilities		2,976	2,976	
Unearned revenue	11,562		11,562	
Total current liabilities	<u>21,890</u>	<u>160,865</u>	<u>182,755</u>	<u>60,775</u>
Noncurrent liabilities:				
Net pension liability		<u>2,723,668</u>	<u>2,723,668</u>	
Total noncurrent liabilities		<u>2,723,668</u>	<u>2,723,668</u>	
Total liabilities	<u>21,890</u>	<u>2,884,533</u>	<u>2,906,423</u>	<u>60,775</u>
Deferred Inflow of Resources				
Pension deferrals		<u>891,814</u>	<u>891,814</u>	
Net Position				
Investment in capital assets	70,894	73,945	144,839	
Unrestricted (deficit)	60,126	(2,305,055)	(2,244,929)	73,487
Total net position (deficit)	<u>\$ 131,020</u>	<u>\$ (2,231,110)</u>	<u>\$ (2,100,090)</u>	<u>\$ 73,857</u>

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

Manchester Township School District
Proprietary Funds

Statement of Revenues, Expenses and
Changes in Fund Net Position

Year ended June 30, 2019

	Major Funds			Internal Service Funds
	Business Type Activities -			
	Food Service	Regional Day School	Totals	
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 256,914		\$ 256,914	
Daily food sales non-reimbursable programs	339,840		339,840	
Special functions	163,015		163,015	
Tuition		\$ 7,025,898	7,025,898	
Miscellaneous revenue	21,034	7,070	28,104	
Total local sources	<u>780,803</u>	<u>7,032,968</u>	<u>7,813,771</u>	
Services provided to other funds				\$ 485,574
Total operating revenues	<u>780,803</u>	<u>7,032,968</u>	<u>7,813,771</u>	<u>485,574</u>
Operating expenses:				
Salaries	471,351	3,582,102	4,053,453	100,813
Employee benefits	93,554	1,878,028	1,971,582	63,500
Purchased professional services	21,224	3,000	24,224	256,041
Purchased property services	28,268		28,268	
Other purchased services	124,296	279,572	403,868	
Supplies and materials	52,451	147,440	199,891	2,350
Depreciation	5,358	49,882	55,240	
Cost of sales program	483,787		483,787	
Cost of sales non-program	70,155		70,155	
Other objects		40,363	40,363	62,500
Total operating expenses	<u>1,350,444</u>	<u>5,980,387</u>	<u>7,330,831</u>	<u>485,204</u>
Operating (loss) income	(569,641)	1,052,581	482,940	370
Nonoperating revenues:				
State sources:				
State school lunch program	10,349		10,349	
Reimbursed TPAF social security contribution		153,245	153,245	
Federal sources:				
National school lunch program	396,882		396,882	
National breakfast program	98,014		98,014	
Healthy Hunger-Free Kids Act (HHFKA)	11,729		11,729	
Food donation program	81,095		81,095	
Contributed assets	30,690		30,690	
Total nonoperating revenues	<u>628,759</u>	<u>153,245</u>	<u>782,004</u>	
Change in net position	59,118	1,205,826	1,264,944	370
Total net position (deficit)-beginning	<u>71,902</u>	<u>(3,436,936)</u>	<u>(3,365,034)</u>	<u>73,487</u>
Total net position (deficit)-ending	<u>\$ 131,020</u>	<u>\$ (2,231,110)</u>	<u>\$ (2,100,090)</u>	<u>\$ 73,857</u>

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

Manchester Township School District
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2019

	Major Funds			Internal Service Funds
	Business Type Activities			
	Enterprise Funds			
Food Service	Regional Day School	Totals		
Cash flows from operating activities				
Receipts from customers	\$ 788,248	\$ 7,034,330	\$ 7,822,578	\$ 519,710
Payments to employees	(471,351)	(3,582,102)	(4,053,453)	(100,813)
Payments for employee benefits	(93,554)	(1,794,247)	(1,887,801)	(63,500)
Payments to suppliers	(845,739)	(442,801)	(1,288,540)	(320,474)
Payments for insurance	(21,224)	(3,000)	(24,224)	
Net cash (used in) provided by operating activities	(643,620)	1,212,180	568,560	34,923
Cash flows from noncapital financing activities				
Cash received from state and federal reimbursements	598,834	151,534	750,368	
Negative cash balance implicitly financed	10,328	(277,324)	(266,996)	
Receipts and payments (to) other funds		(1,130,000)	(1,130,000)	(34,553)
Net cash provided by (used in) noncapital financing activities	609,162	(1,255,790)	(646,628)	(34,553)
Cash flows from capital and related financing activities				
Purchases of capital assets - equipment	(2,407)		(2,407)	
Net cash (used in) capital and related financing activities	(2,407)	-	(2,407)	
Net (decrease) increase in cash and cash equivalents	(36,865)	(43,610)	(80,475)	370
Cash and cash equivalents, beginning of year	36,865	48,459	85,324	-
Cash and cash equivalents, end of year	\$ -	\$ 4,849	\$ 4,849	\$ 370
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:				
Operating (loss) income	\$ (569,641)	\$ 1,052,581	\$ 482,940	\$ 370
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation	5,358	49,882	55,240	
Change in assets, deferred outflows, liabilities and deferred inflows:				
Decrease in accounts receivable	7,982	1,000	8,982	34,553
Decrease in inventory	1,383		1,383	
Decrease in deferred outflows of resources		164,070	164,070	
Increase in deferred inflows of resources		272,567	272,567	
(Decrease) in net pension liability		(366,484)	(366,484)	
(Decrease) increase in accounts payable	(88,165)	35,588	(52,577)	
(Decrease) in unearned revenue	(537)		(537)	
Increase in other liabilities		2,976	2,976	
Net cash (used in) provided by operating activities	\$ (643,620)	\$ 1,212,180	\$ 568,560	\$ 34,923

Noncash noncapital related financing activities:

The District received \$75,251 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2019.

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

Fiduciary Funds

Manchester Township School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2019

	Private-Purpose Scholarship Fund	Unemployment Compensation Trust	Agency Fund
Assets			
Cash and cash equivalents	\$ 161,235	\$ 280,594	\$ 2,566,825
Accounts Receivable		64,022	
Total assets	161,235	344,616	\$ 2,566,825
Liabilities			
Payroll deductions and withholdings payable			\$ 2,274,417
Accounts payable		8,307	64,022
Due to student groups			228,386
Total liabilities		8,307	\$ 2,566,825
Net Position			
Held in trust for unemployment claims		\$ 336,309	
Held in trust for scholarships	\$ 161,235		

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

Manchester Township School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2019

	Private-Purpose Scholarship Trust Fund	Unemployment Compensation Trust Fund
Additions		
Contributions:		
Employee contributions		\$ 64,022
Donations	\$ 1,170	
Total contributions	<u>1,170</u>	<u>64,022</u>
Investment earnings:		
Interest	515	563
Total additions	<u>1,685</u>	<u>64,585</u>
Deductions		
Unemployment payments		84,989
Scholarship payments	17,500	
Total deductions	<u>17,500</u>	<u>84,989</u>
Change in net position	(15,815)	(20,404)
Net position-beginning of the year	177,050	356,713
Net position-end of the year	<u>\$ 161,235</u>	<u>\$ 336,309</u>

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

Manchester Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies

The financial statements of the Manchester Township School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Manchester Township School District in Manchester Township, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education ("DOE") requires all funds be reported as major to promote consistency among school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A one year availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liabilities and other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

Investments in solar renewable energy certificates associated with the current fiscal period are considered revenue under the full accrual and modified accrual basis of accounting. These investments, however, are not recognized on the budgetary basis of accounting until sold or expected to be sold within 60 days after year end.

The District has reported the following major governmental funds:

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

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds:

Food Service Enterprise Fund: The food service fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Regional Day School Enterprise Fund: The regional day school fund accounts for all revenues and expenses in the operation of the special education school similar to a private business enterprise.

Internal Service Fund (SAT Preparation): The SAT preparation fund was created in the current year to account for activity related to the the District's Scholastic Aptitude Test, "SAT" preparation course offered to students preparing to take the SAT Exam for collegiate placement after high school.

Internal Service Fund (Transportation): Internal service funds are used to account for the net cost of services provided on a user charge basis and are designed to break-even over time.

Additionally, the District reports the following fund types:

Fiduciary funds of the District include the unemployment compensation and private purpose scholarship trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: The unemployment compensation and private purpose scholarship funds are accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for contributions from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Fund): 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Amounts reported as program revenues include 1) charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food and tuition. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its statement of net position and balance sheet. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

In accordance with P.L. 2011, which became effective January 17, 2012, the District elected to move the annual school board election from April to the date of the annual November general election, thereby eliminating the vote on the annual based budget. Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the Ocean County office of the DOE for approval. Budgets are prepared using the

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. The overexpenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures. All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2019 and were not significant.

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

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

E. Interfund Receivables/Payables

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

F. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2019, there was no unused Food Donation Program commodities of as of June 30, 2019.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are valued at their estimated acquisition value on the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Buildings, machinery and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Machinery and equipment	2-20
Buildings	40
Building improvements	20
Vehicles	5-10

H. 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 employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability. District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments.

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, 2019, a liability existed for compensated absences in the government-wide financial statements in the amount of \$3,781,882 and no liability existed for compensated absences in the proprietary fund types.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

K. Deferred Loss on Defeasance of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. As of June 30, 2019, the District has recorded an unamortized balance of \$758,369 as a deferred outflow of resources and recognized amortization expense of \$87,086.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

L. Net Position

Net Position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities in the government-wide financial statements. Net position net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

M. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$2,857,943 of fund balances in the General Fund, \$9,863 of encumbrances is assigned to other purposes, \$100,000 has been assigned and designated for subsequent year's expenditures, \$199,954 has been classified as restricted fund balance designated for subsequent years expenditures – prior year excess surplus, \$1,072,410 has been classified as restricted for maintenance reserve and capital reserve in the amounts of \$372,410 and \$700,000, respectively, \$460,826 has been restricted for excess surplus – current year and \$1,014,890 is classified as unassigned. Of the fund balance in the Capital Projects Fund, \$406,985 is restricted for capital projects. All of the fund balance in the debt service fund in the amount of \$103,505 is restricted for future debt service payments.

N. Management Estimates

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

O. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement medical and pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions and retiree health costs in the government-wide financial statements have been increased by \$7,144,371 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

P. Regional Day School

The Regional Day School, located in Jackson, New Jersey, is operated by the District under contract with the New Jersey State Department of Education. The Regional Day School delivers educational services to approximately one hundred students who are severely emotionally disturbed or multiple handicapped.

The funding for the Regional Day School is provided by tuition payments from the local districts who send their children to the Regional Day School. The District assumes the financial control and business management supervision of the School, as well as oversees the total educational program of the School. The School has its own principal and instructional staff as well as support staff that are employees of the District. The School building is owned by the State of New Jersey. All expenses for the Regional Day School are funded through tuition and not through the local tax rate of Manchester Township.

The Regional Day School budget is developed annually in conjunction with the School principal and officials from the District administration. Local school districts who anticipate sending children to the Regional Day School for the following school year are notified in advance of the anticipated tuition costs so that their own budgets may be properly constructed to reflect the tuition costs. The Regional Day School services districts principally in Monmouth, Ocean, and Mercer Counties. The contract with the District and the State Department of Education expires on June 30, 2022.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Q. Calculation of Excess Surplus

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 was \$660,780. Of this amount, \$199,954 has been appropriated in the 2019/20 budget and remaining \$460,826 is required to be appropriated in the 2020/21 budget.

R. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school districts. Although the Township of Manchester has four active tax abatements/agreements as of June 30, 2019, none were deemed material to the Manchester Township School District and therefore further disclosure is not required.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2019 through December 18, 2019, the date that the financial statements are issued and the effects of those that provide additional pertinent information about conditions that existed at the balance sheet date, have been recognized in the accompanying financial statements.

The District entered into a capital lease agreement in the amount of \$1,150,000 subsequent to year end on July 11, 2019 with TD Equipment Finance, Inc. The capital lease agreement is for technology equipment, textbooks and buses in the amount of \$181,000, \$299,000 and \$670,000, respectively. The District will acquire this aforementioned equipment upon completion of the rental payments which will commence on October 1, 2019 and terminate on October 1, 2026. The rental payments will range from \$85,256.64 to \$235,000.00 over the life of the lease at an interest rate of 2.19%.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

S. Subsequent Events (continued)

The District has authorized the issuance of refunding bonds subsequent to year end in the amount of \$4,870,000. These Series 2019 Refunding Bonds will be issued for the purpose of refunding all of the District's outstanding callable principal amounts of the original \$8,375,000 School District Bonds, Series 2010 dated January 27, 2010, maturing March 1 in the years 2021 through 2030. The \$4,870,000, Series 2019 Refunding Bonds will also pay certain costs and expenses incidental to the issuance and delivery of the Bonds. Payments of the Refunding Bonds will commence on March 1, 2020 and terminate on March 1, 2030 and range from \$20,000 to \$530,000.

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, net of unamortized premiums and discounts, capital leases and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$27,713,031 difference are as follows:

Bonds payable	\$	21,950,000
Premium on bonds		709,286
Capital leases payable		1,312,546
Discount on bonds		(40,683)
Compensated absences		<u>3,781,882</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u><u>27,713,031</u></u>

3. Cash and Equivalents

Cash and equivalents – Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Cash and Equivalents (continued)

from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

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

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

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

Deposits

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

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

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

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Cash and Equivalents (continued)

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.

Operating cash accounts are held in the District's name by one institution. At June 30, 2019 the carrying amount of the District's deposits was \$3,535,740 and the bank balance was \$6,140,704.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2019 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$3,520,794. \$2,369,910 held in the District's payroll and agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities

held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. Bonds and 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, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Cash and Equivalents (continued)

As of June 30, 2019, the District's investment balances of \$56,316 were in Solar Renewable Energy Certificates. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurement as of June 30, 2019:

- Solar Renewable Energy Credits in the amount of \$56,316 are valued using quoted market prices (Level 1 inputs)

New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund ("NJCMF"). The NJCMF is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled

shares are equal to the value of the District's shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit.

Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2019, the District's balance was \$1,186,598. All investments in the NJCMF are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Custodial Credit Risk: Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Cash and Equivalents (continued)

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2019, all of the District's cash investments were invested at the NJCMF.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District's investments in the NJCMF and certificates of deposit, are less than one year.

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2019:

	Beginning Balance	Increases	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,220,818			\$ 1,220,818
Construction in progress		\$ 406,517		406,517
Total capital assets, not being depreciated	1,220,818			1,627,335
Capital assets, being depreciated:				
Buildings and building improvements	78,485,529			78,485,529
Machinery, equipment and vehicles	20,374,238	119,558	\$ (30,690)	20,463,106
Total capital assets being depreciated	98,859,767	119,558	(30,690)	98,948,635
Less accumulated depreciation for:				
Buildings and building improvements	33,919,012	2,016,082		35,935,094
Machinery, equipment and vehicles	16,843,380	531,880		17,375,260
Total accumulated depreciation	50,762,392	2,547,962	-	53,310,354
Total capital assets, being depreciated, net	48,097,375	(2,428,404)	(30,690)	45,638,281
Governmental activities capital assets, net	\$ 49,318,193	\$ (2,428,404)	\$ (30,690)	\$ 47,265,616

Depreciation expense was charged to functions/programs of the District as follows:

Instruction	\$ 1,048,485
General administration	1,499,477
Total depreciation expense - governmental activities	<u>\$ 2,547,962</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

4. Capital Assets (continued)

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2019:

	Beginning Balance	Increases	Transfers	Ending Balance
Business-type Activities:				
Capital assests, being depreciated:				
Equipment and vehicles	\$ 3,249,180	\$ 2,407	\$ 30,690	\$ 3,282,277
Less accumulated depreciation for:				
Equipment and vehicles	3,082,198	55,240		3,137,438
Total business-type activities capital assets, net	<u>\$ 166,982</u>	<u>\$ (52,833)</u>	<u>\$ 30,690</u>	<u>\$ 144,839</u>

As noted in Note 1, the capital assets of the Regional Day School enterprise fund are the property of the State of New Jersey and not the District.

5. Long-Term Liabilities

During the fiscal year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 3,827,343	\$ 225,844	\$ 271,305	\$ 3,781,882	\$ 100,000
Bonds payable	24,100,000		2,150,000	21,950,000	2,185,000
Premium on bonds	790,348		81,062	709,286	81,062
Discount on bonds	(45,332)		(4,649)	(40,683)	(4,649)
Obligations under capital leases	1,813,538		500,992	1,312,546	313,248
Subtotal	30,485,897	225,844	2,998,710	27,713,031	2,674,661
Net pension liability	22,601,713		2,768,135	19,833,578	
Governmental activity long-term liabilities	<u>\$ 53,087,610</u>	<u>\$ 225,844</u>	<u>\$ 5,766,845</u>	<u>\$ 47,546,609</u>	<u>\$ 2,674,661</u>
Business-type activities:					
Net pension liabilities	\$ 3,090,152		\$ 366,484	\$ 2,723,668	
	<u>\$ 3,090,152</u>		<u>\$ 366,484</u>	<u>\$ 2,723,668</u>	

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

5. Long-Term Liabilities (continued)

The District expects to liquidate the balance in compensated absences and obligations under capital leases with payments made from the District's general fund. Bonds payable will be liquidated with payments from the debt service fund. The net pension liability will be liquidated with payments from both the general fund and the enterprise fund - regional day school.

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. The principal and interest of these bonds will be paid from the debt service fund as required by New Jersey statutes.

In March 2011, the District issued \$8,375,000 of School District Bonds in order to fund the Board's 2011 renovation of various schools within the school district. The bonds are due to mature annually through the 2030 fiscal year at annual interest rates ranging from 3.375% to 4.125%.

In March 2012, the District issued \$13,525,000 of refunding bonds to provide resources to refund a portion of the District's Series 2004 bonds. The bonds are due to mature annually through the 2028 fiscal year at annual interest rates ranging from 3.00% to 5.00%.

In December 2014, the District issued \$9,605,000 of School District Bonds in order to fund various facility upgrades within the school district. The bonds are due to mature annually through the 2030 fiscal year at annual interest rates ranging from 2.25% to 3.00%.

Principal and interest due on all bonds outstanding are as follows:

See page 108 for additional information regarding the District's bonds payable.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

5. Long-Term Liabilities (continued)

Other Capital Leases

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2020	\$ 2,185,000	\$ 759,856	\$ 2,944,856
2021	2,220,000	676,468	2,896,468
2022	2,245,000	595,006	2,840,006
2023	2,265,000	511,606	2,776,606
2024	2,245,000	424,894	2,669,894
2025-2029	9,540,000	1,046,485	10,586,485
2030	1,250,000	43,125	1,293,125
	<u>\$ 21,950,000</u>	<u>\$ 4,057,440</u>	<u>\$ 26,007,440</u>

Governmental Funds

The District has capital leases outstanding for various purposes (School buses, computers and office equipment-copiers) with rates ranging from 0.00% to 5.00%. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net future minimum lease payments at June 30, 2019:

<u>Fiscal Year</u>	<u>Amounts</u>
Year ending June 30:	
2020	\$ 338,206
2021	301,174
2022	301,273
2023	238,324
2024	102,870
2025	102,871
	<u>1,384,718</u>
Less amount representing interest	<u>(72,172)</u>
Present value of net future minimum lease payments	<u>\$ 1,312,546</u>

See page 109 for additional information regarding the District's capital leases. The assets acquired through capital leases at June 30, 2019:

	<u>Governmental Activities</u>
Asset:	
Machinery, equipment and vehicles	\$ 3,132,468
Less accumulated depreciation	<u>(1,935,485)</u>
Total	<u>\$ 1,196,983</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2, and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2019, the State of New Jersey contributed \$6,639,348 to the TPAF for normal costs of pension, post-retirement medical and long-term disability insurance benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,558,533 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included as both revenues and expenditures in the government-wide and fund financial statements.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

The Board’s actuarially determined contributions to PERS for each of the years ended June 30, 2019, 2018, and 2017 was \$1,139,006, \$1,022,440 and \$992,133, respectively, equal to the required contributions for each year.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee’s Retirement System (PERS)

At June 30, 2019, the District reported a liability of \$22,557,246 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2017, which was rolled forward to June 30, 2018. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District’s proportion was 0.1145648379 percent, which was an increase of 0.0041970158 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized full accrual pension expense of \$1,870,039 in the government-wide financial statements. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 3,717,060	\$ 7,212,608
Net difference between projected and actual earnings on pension plan investments		211,588
Changes in proportion	1,815,454	181,421
Difference between expected and actual experience	430,170	116,312
District contributions subsequent to the measurement date	1,139,006	
	<u>\$ 7,101,690</u>	<u>\$ 7,721,929</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

\$1,139,006 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the net pension liability as follows:

Year ended June 30:	
2019	\$ 714,438
2020	272,367
2021	(1,230,792)
2022	(1,188,831)
2023	(326,427)
	<u>\$ (1,759,245)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2018</u>
Inflation	2.25%
Salary increases	
Through - 2026	1.65 - 4.15%
	based on age
Thereafter	2.65 - 5.15%
	based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter.

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). 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. improvements in mortality from 2012 to 2013 using Projection Scale AA and using a

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is unlikely 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 Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	100%	

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (4.66%)	At Current Discount Rate (5.66%)	At 1% Increase (6.66%)
District's proportionate share of the net pension liability	\$ 28,363,138	\$ 22,557,246	\$ 17,686,474

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Additional Information

Collective balances of the local group at June 30, 2018 are as follows:

Deferred outflows of resources	\$	4,684,852,302
Deferred inflows of resources		7,646,736,226
Net pension liability		19,689,501,539
District's proportion		0.1145648379%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2018, 2017, 2016, 2015 and 2014 is 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF)

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2018 was 141,053,340. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

associated with all participating school districts, actuarially determined. At June 30, 2018, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2217197462 percent, which was an decrease of 0.0065856004% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$8,222,916 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases 2011-2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

actuaries. The long-term rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100%</u>	

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 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 50% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the net pension liability of the State as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's proportionate share of the District's net pension liability	\$ 166,722,369	\$ 141,053,340	\$ 119,774,340

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Additional Information

Collective balances of the local group at June 30, 2018 are as follows:

Deferred outflows of resources	\$	12,675,037,111
Deferred inflows of resources		16,381,811,884
Net pension liability		63,806,350,446
District's proportion		0.2217197462%

Collective pension expense for the plan for the measurement period ended June 30, 2018 is \$3,720,032,991.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2018, 2017, 2016, 2015 and 2014 is 8.3, 8.3, 8.3, 8.3 and 8.5 years, respectively.

7. Post-Retirement Benefits

Plan Description

The District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State's contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2019, 2018 and 2017 were \$2,070,368, \$2,160,068, and \$2,139,716, respectively, which equaled the required contributions for each year.

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

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

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The nonemployer OPEB liability from New Jersey's plan is \$46,110,832,982.

The following members were covered by the benefit terms:

Local Education	June 30, 2018
Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	362,181

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2018 was \$130,117,964, or 0.28%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by actuarial valuation as of June 30, 2017. 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:

Actuarial Assumptions and Other Inputs

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based in the RP-2006 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-2006 Headcount-Weighted Disabled

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

Male/Female mortality table with fully generational improvements projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Healthcare Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2019 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is 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 Nonemployer OPEB Liability

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2018	\$	151,193,397
Increased by:		
Service cost		5,187,247
Interest cost		5,538,829
Member contributions		120,250
		<hr/>
		162,039,723
Decreased by:		
Differences between expected and actual experience		13,510,763
Changes of assumptions		14,931,688
Member contributions		3,479,308
		<hr/>
		31,921,759
Balance at June 30, 2019	\$	<hr/> <hr/> 130,117,964

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2018 was \$170,434 and \$42,252,513, respectively.

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate:

	1% Decrease (2.78%)	At Current Discount Rate (3.78%)	1% Increase (4.78%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 153,825,921	\$ 130,117,964	\$ 111,272,586

The following presents the State's proportionate share of the net OPEB liability associated with the District calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 107,550,076	\$ 130,117,964	\$ 159,964,860

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

For the year ended June 30, 2019, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$5,556,142 for OPEB expenses incurred by the State. Collective balances of the Education Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 1,377,313,892
Deferred inflows of resources	\$ 16,189,378,926
Collective OPEB expense	\$ 2,129,660,368

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2019 amounted to \$162,736 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
Special Revenue Fund	\$ 60,358	
Capital Projects Fund		\$ 102,378
Debt Service Fund	102,378	
Internal Service Fund		60,358
	\$ 162,736	\$ 162,736

The interfund payable in the amount of \$102,378 in the Capital Projects Fund represents the transfer of energy rebates earned in the Capital Projects Fund to Debt Service Fund for tax relief.

The interfund payable in the Internal Service Fund in the amount of \$60,358 represents short term loans from the Special Revenue Fund at June 30, 2019. All interfunds are expected to be liquidated within one year.

9. Economic Dependency

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

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2019 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies. The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

11. 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 and does not retain risk of loss. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years. A complete schedule of insurance coverage can be found in the statistical section of this report.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

12. Deferred Compensation Plans

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by Citistreet, permits participants to defer a portion of their salary until future years. Amounts unearned under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

13. Restricted Assets

The funds set aside for capital and maintenance reserve are classified as restricted assets as they are restricted for use for future capital projects and maintenance requirements.

14. Maintenance Reserve Account

A maintenance reserve account was established by the District by way of a Board approved resolution in the amount of \$350,000 in June 2014 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

14. Maintenance Reserve Account (continued)

placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP).

Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. The 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-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year. The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$	347,410
Deposit:		
Approved by June 2019 board resolution		150,000
Decrease		
Withdraw approved by board resolution		125,000
Ending Balance, June 30, 2019	<u>\$</u>	<u>372,410</u>

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2019.

15. Capital Reserve Account

A capital reserve account was established by the District in June 2015, by way of a Board resolution, and issued for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years in the amount of \$450,000. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

15. Capital Reserve Account (continued)

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.

Beginning balance, July 1, 2018	\$	850,000
Deposit:		
Approved by June 2019 board resolution		250,000
Withdrawals		
Approved by board resolution		400,000

The June 30, 2019	Ending Balance, June 30, 2019	<u>\$</u>	<u>700,000</u>
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LRFP balance of local support costs of uncompleted projects exceeds the amount set aside in capital reserve.

16. Commitments

The District has contractual commitments at June 30, 2019 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$9,863.

17. Transfers

The following presents a reconciliation of transfers during the 2019 fiscal year:

	<u>In</u>	<u>Out</u>
Debt Service Fund	\$ 102,945	
Capital Projects Fund		\$ 102,945
	<u>\$ 102,945</u>	<u>\$ 102,945</u>

The transfer from the capital projects fund to the debt service fund represents a transfer of interest income in the amount of \$672 and a transfer of \$102,273 associated with energy rebates earned in the capital projects fund and moved to the debt service fund for tax relief.

Required Supplementary Information – Part II

Schedules Related to Accounting and Reporting for Pensions and
OPEBs
(GASB 68 and GASB 75)

Manchester Township School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee's Retirement System

Last Ten Fiscal Years

	Year Ended June 30, 2010	Year Ended June 30, 2011	Year Ended June 30, 2012	Year Ended June 30, 2013	Year Ended June 30, 2014	Year Ended June 30, 2015	Year Ended June 30, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2019
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	N/A	0.0969028258%	0.1028722510%	0.1036174300%	0.1116781800%	0.1103678221%	0.1145648379%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	N/A	\$ 18,520,055	\$ 19,260,499	\$ 23,260,037	\$ 33,075,874	\$ 25,691,865	\$ 22,557,246
District's covered-employee payroll	\$ 6,555,589	\$ 6,826,912	\$ 6,763,745	\$ 6,573,606	\$ 6,621,053	\$ 6,984,188	\$ 7,435,341	\$ 7,371,084	\$ 7,789,867	\$ 8,219,717
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	279.71%	275.77%	312.83%	448.72%	329.81%	274.43%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	N/A	N/A	48.72%	48.62%	47.93%	40.14%	48.10%	53.60%

N/A - Not Available

See Note to Required Supplementary Information

Manchester Township School District
Schedule of District Contributions
Public Employee's Retirement System

Last Ten Fiscal Years

	Year Ended June 30, 2010	Year Ended June 30, 2011	Year Ended June 30, 2012	Year Ended June 30, 2013	Year Ended June 30, 2014	Year Ended June 30, 2015	Year Ended June 30, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2019
Contractually required contribution	\$ 559,998	\$ 735,431	\$ 769,696	\$ 783,546	\$ 730,143	\$ 848,064	\$ 890,832	\$ 992,133	\$ 1,022,440	\$ 1,139,006
Contributions in relation to the contractually required contribution	(559,998)	(735,431)	(769,696)	(783,546)	(730,143)	(848,064)	(890,832)	(992,133)	(1,022,440)	(1,139,006)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,826,912	\$ 6,763,745	\$ 6,573,606	\$ 6,621,053	\$ 6,984,188	\$ 7,435,341	\$ 7,371,084	\$ 7,789,867	\$ 8,219,717	\$ 8,165,284
Contributions as a percentage of covered-employee payroll	8.20%	10.87%	11.71%	11.83%	10.45%	11.41%	12.09%	12.74%	12.44%	13.95%

See Note to Required Supplementary Information

Manchester Township School District
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	Year Ended June 30, 2015	Year Ended June 30, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2019
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2335380145%	0.2337903127%	0.2331988423%	0.2283053466%	0.2217197462%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 124,818,468	\$ 147,765,461	\$ 183,449,057	\$ 153,931,697	\$ 141,053,340
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 124,818,468</u>	<u>\$ 147,765,461</u>	<u>\$ 183,449,057</u>	<u>\$ 153,931,697</u>	<u>\$ 141,053,340</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

See Note to Required Supplementary Information

Manchester Township School District
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

	Year Ended June 30, 2019	Year Ended June 30, 2018
State's proportion of the OPEB Liability associated with the District -	0.28%	0.28%
District's proportionate share of the OPEB liability	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	\$ 130,117,964	\$ 151,193,397
Total proportionate share of the OPEB liability associated with the District	<u>\$ 130,117,964</u>	<u>\$ 151,193,397</u>
Beginning Balance	\$ 151,193,397	\$ 163,661,392
Increased by:		
Service cost	5,187,247	6,248,357
Interest cost	5,538,829	4,794,700
	120,250	128,951
	<u>162,039,723</u>	<u>174,833,400</u>
Decreased by:		
Differences between expected and actual experiences	13,510,763	
Changes of assumptions	14,931,688	20,138,043
Gross benefit payments	3,479,308	3,501,960
	<u>31,921,759</u>	<u>23,640,003</u>
Ending Balance	<u>\$ 130,117,964</u>	<u>\$ 151,193,397</u>
Covered by employee payroll	\$ 31,860,299	\$ 32,227,033
Total OPEB liability as a percentage of covered employee payroll.	408.40%	469.15%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

See Note to Required Supplementary Information

Manchester Township School District

**Notes to Required Supplementary Information
Year Ended June 30, 2019**

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018.

**3. NONEMPLOYER OPEB LIABILITY FOR THE STATE HEALTH BENEFIT LOCAL
EDUCATION RETIRED EMPLOYEES PLAN**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Required Supplementary Information – Part III

Schedules of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual (Budgetary Basis)

Manchester Township School District
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 45,262,715		\$ 45,262,715	\$ 45,262,715	
Tuition	2,484,773		2,484,773	2,491,973	\$ 7,200
Interest earned on maintenance reserve	50	\$ (50)			
Interest earned on capital reserve funds	100	(100)			
Investment income				53,580	53,580
Miscellaneous	45,000	150	45,150	119,939	74,789
Total revenues - local sources	47,792,638	-	47,792,638	47,928,207	135,569
State sources:					
Special Education Categorical Aid	1,756,005		1,756,005	1,756,005	
Security Aid	573,735		573,735	573,735	
Adjustment Aid	1,420,212	(332,216)	1,087,996	1,087,996	
Categorical Transportation Aid	1,989,096		1,989,096	1,989,096	
Extraordinary aid	340,000	35,000	375,000	810,105	435,105
On-behalf TPAF pension contributions (non-budgeted)				4,564,319	4,564,319
On-behalf TPAF post-retirement contributions (non-budgeted)				2,070,368	2,070,368
On-behalf TPAF long-term disability ins contributions (non-budgeted)				4,661	4,661
Reimbursed TPAF social security contributions (non-budgeted)				1,558,533	1,558,533
Other state aid				9,280	9,280
Total - state sources	6,079,048	(297,216)	5,781,832	14,424,098	8,642,266
Federal sources:					
Medical Assistance Program	55,869		55,869	99,418	43,549
Total - federal sources	55,869	-	55,869	99,418	43,549
Total revenues	53,927,555	(297,216)	53,630,339	62,451,723	8,821,384
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	662,900	(60,803)	602,097	599,879	2,218
Grades 1-5	5,467,431	49,605	5,517,036	5,505,068	11,968
Grades 6-8	3,462,387	(3,106)	3,459,281	3,427,810	31,471
Grades 9-12	5,152,506	(191,556)	4,960,950	4,917,712	43,238
	14,745,224	(205,860)	14,539,364	14,450,469	88,895
Home instruction:					
Salaries of teachers	135,000	(77,344)	57,656	56,020	1,636
Purchased professional educational services	15,000	22,932	37,932	35,723	2,209
Other purchased services	750		750	281	469
	150,750	(54,412)	96,338	92,024	4,314
Undistributed instruction-regular programs					
Unused vacation payment to terminated/retired staff					
		32,283	32,283	29,993	2,290
Other purchased services	55,271	805	56,076	55,090	986
General supplies	395,250	151,527	546,777	541,811	4,966
Textbooks	131,857	13,607	145,464	145,376	88
Other objects	106,000	(6,102)	99,898	93,847	6,051
	688,378	192,120	880,498	866,117	14,381
Total instruction - regular programs	15,584,352	(68,152)	15,516,200	15,408,610	107,590

Manchester Township School District
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special education (continued):					
Preschool disabilities - part-time:					
Salaries of teachers	\$ 136,541	\$ 18,554	\$ 155,095	\$ 149,801	\$ 5,294
Other salaries for instruction	169,906	40,178	210,084	204,837	5,247
General supplies	2,800		2,800	2,317	483
Other objects	1,900		1,900	1,287	613
Total preschool disabilities - part-time	311,147	58,732	369,879	358,242	11,637
Learning and/or language disabilities:					
Salaries of teachers	309,631	36,075	345,706	342,665	3,041
Other salaries for instruction	1,438,118	(49,587)	1,388,531	1,367,473	21,058
Unused vacation payment to terminated/retired staff		14,305	14,305	13,784	521
General supplies	7,600	(2,050)	5,550	3,154	2,396
Textbooks	1,500	(645)	855	163	692
Total learning and/or language disabilities	1,756,849	(1,902)	1,754,947	1,727,239	27,708
Multiple disabilities:					
Salaries of teachers	257,258	(33,436)	223,822	217,612	6,210
Other salaries for instruction	240,398	1	240,399	226,928	13,471
General supplies	3,050		3,050	2,136	914
Textbooks	500	(500)			
Other objects	250		250		250
Total multiple disabilities	501,456	(33,935)	467,521	446,676	20,845
Autism					
Salaries of teachers	283,758	(4,366)	279,392	275,122	4,270
Other Salaries for Instruction	258,090	(4,200)	253,890	243,258	10,632
General supplies	9,000	(850)	8,150	5,237	2,913
	550,848	(9,416)	541,432	523,617	17,815
Resource room/center:					
Salaries of teachers	2,084,317	(26,729)	2,057,588	2,054,123	3,465
General supplies	9,400		9,400	7,744	1,656
Textbooks	2,000	(1,000)	1,000	997	3
Total resource room/center	2,095,717	(27,729)	2,067,988	2,062,864	5,124
Total special education	5,216,017	(14,250)	5,201,767	5,118,638	83,129

Manchester Township School District
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Bilingual education:					
Salaries of teachers	\$ 206,490	\$ 1,931	\$ 208,421	\$ 208,421	
General supplies	750	(337)	413		\$ 413
Textbooks	250		250		250
Other objects	250		250	59	191
Total bilingual education	<u>207,740</u>	<u>1,594</u>	<u>209,334</u>	<u>208,480</u>	<u>854</u>
School - sponsored cocurricular activities:					
Salaries	226,500	(7,908)	218,592	179,043	39,549
Supplies and materials	6,000		6,000	5,116	884
Other objects	11,950	(4,000)	7,950	7,950	
Total school - sponsored cocurricular activities	<u>244,450</u>	<u>(11,908)</u>	<u>232,542</u>	<u>192,109</u>	<u>40,433</u>
School - sponsored athletics - instruction:					
Salaries	567,000	(33,242)	533,758	531,999	1,759
Purchased services	15,000	(1,500)	13,500	13,500	
Supplies and materials	81,150	4,508	85,658	82,506	3,152
Other objects	89,350	8,353	97,703	95,160	2,543
Total school - sponsored athletics - instruction	<u>752,500</u>	<u>(21,881)</u>	<u>730,619</u>	<u>723,165</u>	<u>7,454</u>
Other instructional programs:					
Salaries	183,952	22,712	206,664	194,432	12,232
Unused vacation payment to terminated/retired staff		2,190	2,190	2,190	
Total other instructional programs	<u>183,952</u>	<u>24,902</u>	<u>208,854</u>	<u>196,622</u>	<u>12,232</u>
Total instruction	<u>22,189,011</u>	<u>(89,695)</u>	<u>22,099,316</u>	<u>21,847,624</u>	<u>251,692</u>

Manchester Township School District
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	\$ 170,000	\$ 19,427	\$ 189,427	\$ 189,427	
Tuition to other LEAs within the state-regular		46,383	46,383	46,383	
Tuition to County Voc. School Dist.- Regular	137,800	11,700	149,500	147,680	\$ 1,820
Tuition to CSSD and regional day schools	1,165,900	21,903	1,187,803	1,186,689	1,114
Tuition to private school for the handicapped - within state	856,000	232,160	1,088,160	1,078,198	9,962
Tuition - state facilities	9,000		9,000	9,000	
Tuition - other	25,900		25,900	25,900	
Total undistributed instruction-tuition	2,364,600	331,573	2,696,173	2,683,277	11,076
Attendance and social work services:					
Salaries	30,469	258	30,727	30,727	
Other objects	13,000	3,744	16,744	16,744	
Total attendance and social work service	43,469	4,002	47,471	47,471	-
Health services:					
Salaries	444,030	1,159	445,189	444,726	463
Unused vacation payment to terminated/retired staff		20,000	20,000	20,000	
Purchased professional and technical services	35,850	(3,279)	32,571	32,221	350
Supplies and materials	13,400	13,642	27,042	26,361	681
Total health services	493,280	31,522	524,802	523,308	1,494
Other support services - students -					
Speech,OT,PT, & Related Services:					
Salaries	455,702	(500)	455,202	452,747	2,455
Supplies and materials	3,600	(1,000)	2,600	2,146	454
Total other support services - students - related services	459,302	(1,500)	457,802	454,893	2,909
Other support services - students - extra services:					
Salaries	24,989	733	25,722	25,603	119
Purchased professional educational services	8,592	(5,110)	3,482	3,482	
Supplies and materials	2,700		2,700	2,224	476
Other objects	1,000	(500)	500	292	208
Total other support services - students - extra services	37,281	(4,877)	32,404	31,601	803

Manchester Township School District
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Guidance:					
Salaries of other professional staff	\$ 850,053	\$ (14,000)	\$ 836,053	\$ 835,594	\$ 459
Salaries of secretarial and clerical assts.	115,304		115,304	115,246	58
Other objects	7,000	(2,896)	4,104	3,453	651
Total guidance	972,357	(16,896)	955,461	954,293	1,168
Child Study Teams:					
Salaries of other professional staff	1,045,185	(7,972)	1,037,213	1,024,641	12,572
Salaries of secretarial and clerical assts.	188,197	(41,818)	146,379	144,009	2,370
Unused vacation payment to terminated/retired staff		25,054	25,054	25,054	
Purchased professional - educational services	130,000	59,922	189,922	183,991	5,931
Other purchased services	4,500	(4,500)			
Miscellaneous purchased services	3,000	3,750	6,750	6,401	349
Supplies and materials	4,200	1,266	5,466	5,420	46
Other objects	28,500	(2,384)	26,116	24,989	1,127
Total child study teams	1,403,582	33,318	1,436,900	1,414,505	22,395
Improvement of instructional services:					
Salaries of supervisors of instruction	446,179	(7,000)	439,179	431,039	8,140
Salaries of other professional staff	298,361		298,361	298,361	
Salaries of secretarial and clerical assts	100,303	(2,265)	98,038	98,038	
Unused vacation payment to terminated/retired staff		32,288	32,288	32,288	
Supplies and materials	15,000	3,904	18,904	18,904	
Other objects	19,600	(2,904)	16,696	16,159	537
Total improvement of instructional services	879,443	24,023	903,466	894,789	8,677
Educational media services/ school library:					
Salaries	368,646	(44,982)	323,664	318,371	5,293
Supplies and materials	41,000	(3,900)	37,100	35,796	1,304
Total educational media services/ school library	409,646	(48,882)	360,764	354,167	6,597

Manchester Township School District
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional staff training services:					
Salaries of other professional staff	\$ 8,500	\$ 711	\$ 9,211	\$ 9,211	
Other purchased services	1,000	(400)	600		\$ 600
Other objects	64,000	(7,020)	56,980	55,843	1,137
Total instructional staff training services	73,500	(6,709)	66,791	65,054	1,737
Support services-general administration:					
Salaries	228,075		228,075	228,075	
Purchased professional services	121,000	(18,442)	102,558	100,259	2,299
Other purchased professional services	23,000	7,180	30,180	27,487	2,693
Communications/telephone	40,500	65,350	105,850	105,665	185
BOE other purchased services	36,030	(2,025)	34,005	29,661	4,344
Other purchased services	75,000	3,718	78,718	78,718	
BOE membership dues and fees	25,000	3,317	28,317	27,287	1,030
Miscellaneous expenditures	25,000	(6,050)	18,950	17,860	1,090
Total support services-general administration	573,605	53,048	626,653	615,012	11,641
Support services-school administration:					
Salaries of principals/assistant principals	1,198,514	(5,000)	1,193,514	1,193,513	1
Salaries of secretarial and clerical assistants	738,739	(13,084)	725,655	723,788	1,867
Unused vacation payment to terminated/retired staff		17,438	17,438	17,438	
Total support services-school administration	1,937,253	(646)	1,936,607	1,934,739	1,868
Undistributed expenditures-Central services:					
Salaries	479,227	(3,966)	475,261	464,268	10,993
Unused vacation payment to terminated/retired staff		25,626	25,626	25,626	
Miscellaneous purchased services	13,500	(2,900)	10,600	9,470	1,130
Miscellaneous expenditures	77,000	7,481	84,481	84,147	334
Total undistributed expenditures-central services	569,727	26,241	595,968	583,511	12,457
Undistributed expenditures-Admin. info tech.:					
Salaries	258,677		258,677	258,677	
Miscellaneous purchased services	30,181		30,181	29,201	980
Supplies and materials	60,000	(29,500)	30,500	22,281	8,219
Other Objects	10,500	(2,000)	8,500	8,000	500
Total undistributed expenditures-admin. info. technology	359,358	(31,500)	327,858	318,159	9,699
Required maintenance for school facilities:					
Salaries	184,619	(9,950)	174,669	171,026	3,643
Cleaning, repair and maintenance services	597,620	197,823	795,443	767,043	28,400
General supplies	11,000	(1,824)	9,176	7,992	1,184
Total required maintenance for school facilities	793,239	186,049	979,288	946,061	33,227

Manchester Township School District
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Operations and maintenance of plant					
Custodial Services					
Salaries	\$ 1,445,455	\$ (27,941)	\$ 1,417,514	\$ 1,401,681	\$ 15,833
Unused vacation payment to retirees		11,082	11,082	11,082	
Cleaning, repair and maintenance services	309,200	(8,797)	300,403	293,390	7,013
Other purchased property services	145,000	(5,960)	139,040	135,820	3,220
Insurance	540,000	68,130	608,130	608,129	1
General supplies	134,000	1,000	135,000	132,220	2,780
Energy (Electricity)	692,500	(35,157)	657,343	647,625	9,718
Energy (Natural Gas)	130,500	(11,001)	119,499	111,592	7,907
Energy (Oil)	11,000	2,500	13,500	12,656	844
Other objects	114,970	9,652	124,622	121,808	2,814
Total custodial services	3,522,625	3,508	3,526,133	3,476,003	50,130
Care and Upkeep of Grounds:					
Salaries	221,375	(4,500)	216,875	215,706	1,169
General Supplies	52,270	3,645	55,915	52,659	3,256
Total care and upkeep of grounds	273,645	(855)	272,790	268,365	4,425
Security:					
Salaries	65,083	823	65,906	65,906	
Purchased professional and technical	58,000	(4,500)	53,500	53,500	
General supplies		1,534	1,534	1,533	1
Total security	123,083	(2,143)	120,940	120,939	1
Total operation and maintenance of plant services and required maintenance	4,712,592	186,559	4,899,151	4,811,368	54,556
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - regular	1,337,494	(5,610)	1,331,884	1,324,872	7,012
Between home and school - special	327,068	26,237	353,305	352,696	609
Other than between home and school-	438,734	(29)	438,705	422,040	16,665
Unused vacation payment to		17,310	17,310	15,714	1,596
Lease purchase payments-buses	337,805	2,914	340,719	340,719	
Contracted services:					
Aid in lieu	45,000	(5,000)	40,000	37,438	2,562
Special ed. Vendors	830,000	(93,720)	736,280	714,137	22,143
General supplies	208,500	40,150	248,650	246,627	2,023
Miscellaneous purchased services	60,000	(42,546)	17,454	17,454	
Transportation supplies	172,000	(11,406)	160,594	160,594	
Other objects	50,000	(17,592)	32,408	29,763	2,645
Total student transportation services	3,806,601	(89,292)	3,717,309	3,662,054	55,255
Unallocated benefits:					
Social security contributions	840,000	4,858	844,858	844,858	
Other retirement contributions-regular	1,031,979	(27,706)	1,004,273	1,004,273	
Health benefits	10,471,118	(358,472)	10,112,646	10,073,889	38,757
Tuition reimbursement	95,000	(26,230)	68,770	67,709	1,061
Total unallocated benefits	12,438,097	(407,550)	12,030,547	11,990,729	39,818

Manchester Township School District
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
On-behalf TPAF pension contributions (non-budgeted)				\$ 4,564,319	\$ (4,564,319)
On-behalf TPAF post-retirement contributions (non-budgeted)				2,070,368	(2,070,368)
On-behalf TPAF long-term disability ins contributions (non-budgeted)				4,661	(4,661)
Reimbursed TPAF social security contributions (non-budgeted)				1,558,533	(1,558,533)
Interest deposit to maintenance reserve	\$ 50		\$ 50		50
Total undistributed expenditures	31,533,743	\$ 82,434	31,616,177	39,536,811	(7,920,634)
Total expenditures - current	53,722,754	(7,261)	53,715,493	61,384,435	(7,668,942)
Capital outlay:					
Equipment:					
Undistributed expenditures:					
Support services - students-spec.	2,000	11,741	13,741	13,741	
Admin Info Tech.	63,895	(63,895)			
Security	50,764	(35,410)	15,354	15,130	224
Maintenance of School Facilities	30,000	(30,000)			
Operation and maintenance of plant services		114,304	114,304	114,304	
Non-instructional equipment	75,126	331,391	406,517	406,517	
Total equipment	221,785	328,131	549,916	549,692	224
Facilities acquisition and construction services:					
Assessment for Debt Service on SDA funding	165,633		165,633	165,633	
Total facilities acquisition and construction services	165,633		165,633	165,633	
Interest deposit to capital reserve	100		100		100
Total expenditures - capital outlay	387,518	328,131	715,649	715,325	324

Manchester Township School District
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Total expenditures	\$ 54,110,272	\$ 320,870	\$ 54,431,142	\$ 62,099,760	\$ (7,668,618)
(Deficiency) excess of revenues (under) over expenditures	(182,717)	(618,086)	(800,803)	351,963	1,152,766
Fund balances, July 1	3,209,535		3,209,535	3,013,513	
Fund balances, June 30	<u>\$ 3,026,818</u>	<u>\$ (618,086)</u>	<u>\$ 2,408,732</u>	<u>\$ 3,365,476</u>	<u>\$ 1,152,766</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures					
Budgeted fund balance	\$ (182,717)		\$ (182,717)	\$ 970,049	\$ 1,152,766
Withdrawal capital reserve		\$ (400,000)	(400,000)	(400,000)	
Withdrawal maintenance reserve		(125,000)	(125,000)	(125,000)	
Adjustment for prior year encumbrances		(93,086)	(93,086)	(93,086)	
Total	<u>\$ (182,717)</u>	<u>\$ (618,086)</u>	<u>\$ (800,803)</u>	<u>\$ 351,963</u>	<u>\$ 1,152,766</u>
Recapitulation of fund balance:					
Assigned to:					
Year end encumbrances				\$ 9,863	
Designated for subsequent years expenditures				100,000	
Restricted for:					
Excess surplus-current year				460,826	
Designated for subsequent years expenditures - prior year excess surplus				199,954	
Maintenance Reserve				372,410	
Capital Reserve				700,000	
Unassigned fund balance				<u>1,522,423</u>	
				3,365,476	
Reconciliation to Government Funds Statements					
GAAP:					
Last two state aid payments not recognized on GAAP basis				(510,269)	
Solar Renewable Energy Credits (SREC) Income				2,736	
Fund balance per Government Funds (GAAP)				<u>\$ 2,857,943</u>	

Manchester Township School District
Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Federal sources	\$ 1,223,836	\$ 260,516	\$ 1,484,352	\$ 1,492,468	\$ 8,116
Local sources		111,493	111,493	51,210	(60,283)
Total revenues	1,223,836	372,009	1,595,845	1,543,678	(52,167)
Expenditures:					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	297,500	57,500	355,000	355,000	
Other salaries for instruction	178,500	11,046	189,546	189,546	
Tuition	622,138	116,927	739,065	739,065	
Supplies and materials	5,100	127,443	132,543	80,376	52,167
Total instruction	1,103,238	312,916	1,416,154	1,363,987	52,167
Support services:					
Salaries - professional staff	4,870	3,542	8,412	8,412	
Personal services-employee benefits	97,327	29,692	127,019	127,019	
Purchased professional services	18,401	25,859	44,260	44,260	
Total support services	120,598	59,093	179,691	179,691	
Total expenditures	1,223,836	372,009	1,595,845	1,543,678	52,167
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$

Note to Required Supplementary Information

Manchester Township School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2019

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 62,451,723	\$ 1,543,678
State aid payments recognized for GAAP statements in the current year, not previously recognized	(510,269)	
The last state aid payments from the prior year are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	512,232	
Prior year adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accrual basis.	(23,310)	
Current year adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accrual basis.	<u>2,736</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 62,433,112</u>	<u>\$ 1,543,678</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	<u>\$ 62,099,760</u>	<u>\$ 1,543,678</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 62,099,760</u>	<u>\$ 1,543,678</u>

Supplementary Information

Special Revenue Fund

Manchester Township School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures – Budgetary Basis

Year ended June 30, 2019

	Title I	I.D.E.A.		Title II Part A	Title III Part A & Immigrant	Title IV Part A	Stem Grant	NJSIG Security Grant	MTEF Grant	Other Local Grants	Totals
		Part B Regular	Part B Preschool								
Revenues:											
Federal sources	\$ 620,254	\$ 705,781	\$ 33,284	\$ 85,030	\$ 2,753	\$ 37,250	\$ 8,116				\$ 1,492,468
Local sources								\$ 8,233	\$ 30,345	\$ 12,632	51,210
Total revenues	\$ 620,254	\$ 705,781	\$ 33,284	\$ 85,030	\$ 2,753	\$ 37,250	\$ 8,116	\$ 8,233	\$ 30,345	\$ 12,632	\$ 1,543,678
Expenditures:											
Current expenditures:											
Instruction:											
Salaries:											
Salaries of teachers	\$ 305,000			\$ 50,000							\$ 355,000
Other salaries for instruction	186,446				\$ 1,200	\$ 1,900					189,546
Tuition		\$ 705,781	\$ 33,284								739,065
Supplies and materials	6,000					15,050	\$ 8,116	\$ 8,233	\$ 30,345	\$ 12,632	80,376
Total instruction	497,446	705,781	33,284	50,000	1,200	16,950	8,116	8,233	30,345	12,632	1,363,987
Support services:											
Salaries - professional staff	8,262					150					8,412
Personal services—employee benefits	109,446			17,345		103		125			127,019
Purchased professional services	5,100			17,685		1,300		20,175			44,260
Total support services	122,808	-	-	35,030	1,553	20,300	-	-	-	-	179,691
Total expenditures	\$ 620,254	\$ 705,781	\$ 33,284	\$ 85,030	\$ 2,753	\$ 37,250	\$ 8,116	\$ 8,233	\$ 30,345	\$ 12,632	\$ 1,543,678

Capital Projects Fund

Manchester Township School District
Capital Projects Fund

Summary Schedule of Project Revenues, Expenditures,
Project Balance and Project Status

(Budgetary Basis)

Year ended June 30, 2019

	Current Year
Revenues and Other Financing Sources	
Revenue from Other Sources	\$ 43,661
Total Revenues and Other Financing Sources	43,661
Expenditures and Other Financing Uses	
Transferred out	102,273
Cancellation of SDA Grant Balances	46,659
Cancellation of Rebate Balances	23,350
Total Expenditures and Other Financing Uses	172,282
 (Deficiency) of Revenues (Under) Expenditures	 (128,621)
Fund Balance, July 1	535,606
Fund Balance, June 30	\$ 406,985
 <u>Reconciliation of budgetary basis to GAAP basis:</u>	
Fund Balance, Budgetary Basis	\$ 406,985
Less: Revenue not recognized on a GAAP basis	
Fund Balance - June 30, 2019 GAAP Basis	\$ 406,985

Manchester Township School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 5,644,535	\$ (2,998)	\$ 5,641,535	\$ 5,641,535
Bond Sale Proceeds	9,605,000		9,605,000	9,605,000
Total Revenues	<u>15,249,535</u>	<u>(2,998)</u>	<u>15,246,535</u>	<u>15,246,535</u>
Expenditures and Other Financing				
Purchased Professional Services	1,199,583		1,199,583	
Construction Services	13,639,967		13,639,967	
Total Expenditures	<u>14,839,550</u>	<u>-</u>	<u>14,839,550</u>	<u>-</u>
Excess (Deficiency) of Revenues (Under) Expenditures	<u>\$ 409,985</u>	<u>\$ (2,998)</u>	<u>\$ 406,985</u>	<u>\$ 15,246,535</u>

Manchester Township School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Referendum Project - Manchester Township Elementary School

From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 800,417	\$ 25,187	\$ 825,604	\$ 825,604
Bond Sale Proceeds	1,433,665		1,433,665	1,433,665
Total Revenues	<u>2,234,082</u>	<u>25,187</u>	<u>2,259,269</u>	<u>2,259,269</u>
Expenditures and Other Financing				
Purchased Professional Services	166,898		166,898	
Construction Services	1,922,685		1,922,685	
Total Expenditures	<u>2,089,583</u>	<u>-</u>	<u>2,089,583</u>	<u>-</u>
Excess (Deficiency) of Revenues (Under) Expenditures	<u>\$ 144,499</u>	<u>\$ 25,187</u>	<u>\$ 169,686</u>	<u>\$ 2,259,269</u>
Additional project information				
Project number	2940-043-14-1005 and 2940-043-14-1006			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 1,433,665			
Bonds Issued	1,433,665			
Original Authorized Cost	\$ 2,269,509			
Additional Authorized Cost	(10,238)			
Revised Authorized Cost	2,259,271			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	100.00%			
Original target completion date	September 2016			
Revised target completion date	July 1, 2018			

Manchester Township School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Referendum Project - Ridgeway Elementary School

From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 718,045	\$ 5,493	\$ 723,538	\$ 723,538
Bond Sale Proceeds	1,241,739		1,241,739	1,241,739
Total Revenues	<u>1,959,784</u>	<u>5,493</u>	<u>1,965,277</u>	<u>1,965,277</u>
Expenditures and Other Financing				
Purchased Professional Services	137,067		137,067	
Construction Services	1,720,097		1,720,097	
Total Expenditures	<u>1,857,164</u>	<u>-</u>	<u>1,857,164</u>	<u>-</u>
Excess (Deficiency) of Revenues (Under) Expenditures	<u>\$ 102,620</u>	<u>\$ 5,493</u>	<u>\$ 108,113</u>	<u>\$ 1,965,277</u>
Additional project information				
Project number	2940-050-14-1012 and 2940-050-14-1013			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 1,241,739			
Bonds Issued	1,241,739			
Original Authorized Cost	\$ 1,969,331			
Additional Authorized Cost	(4,054)			
Revised Authorized Cost	1,965,277			
Percentage Increase over Original				
Authorized Cost	-0.21%			
Percentage completion	100.00%			
Original target completion date	September 2016			
Revised target completion date	July 1, 2018			

Manchester Township School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Referendum Project - Whiting Elementary School

From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 645,469		\$ 645,469	\$ 645,469
Bond Sale Proceeds	1,122,945		1,122,945	1,122,945
Total Revenues	<u>1,768,414</u>	-	<u>1,768,414</u>	<u>1,768,414</u>
Expenditures and Other Financing				
Purchased Professional Services	193,044		193,044	
Construction Services	1,533,132		1,533,132	
Total Expenditures	<u>1,726,176</u>	-	<u>1,726,176</u>	-
Excess (Deficiency) of Revenues (Under) Expenditures	<u>\$ 42,238</u>	<u>\$ -</u>	<u>\$ 42,238</u>	<u>\$ 1,768,414</u>
Additional project information				
Project number	2940-060-14-1015 and 2940-060-14-1017			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 1,122,945			
Bonds Issued	1,122,945			
Original Authorized Cost	\$ 1,768,414			
Additional Authorized Cost				
Revised Authorized Cost	1,768,414			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	100.00%			
Original target completion date	September 2016			
Revised target completion date	July 1, 2018			

Manchester Township School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Referendum Project - Manchester Township Middle School

From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,766,182	\$ 12,981	\$ 1,779,163	\$ 1,779,163
Bond Sale Proceeds	2,979,245	(46,659)	2,932,586	3,044,665
Total Revenues	<u>4,745,427</u>	<u>(33,678)</u>	<u>4,711,749</u>	<u>4,823,828</u>
Expenditures and Other Financing				
Purchased Professional Services	396,006		396,006	
Construction Services	4,228,795		4,228,795	
Total Expenditures	<u>4,624,801</u>	<u>-</u>	<u>4,624,801</u>	<u>-</u>
Excess (Deficiency) of Revenues (Under) Expenditures	<u>\$ 120,626</u>	<u>\$ (33,678)</u>	<u>\$ 86,948</u>	<u>\$ 4,823,828</u>
Additional project information				
Project number	2940-045-14-1007 and 2940-045-14-1009			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 2,932,586			
Bonds Issued	2,932,586			
Original Authorized Cost	\$ 4,865,755			
Additional Authorized Cost	(41,927)			
Revised Authorized Cost	4,823,828			
Percentage Increase over Original				
Authorized Cost		-0.86%		
Percentage completion		100.00%		
Original target completion date	September 2016			
Revised target completion date	July 1, 2018			

Manchester Township School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Referendum Project - Manchester Township High School

From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,714,420	\$ (46,659)	\$ 1,667,761	\$ 1,667,761
Bond Sale Proceeds	2,827,406	46,659	2,874,065	2,761,986
Total Revenues	<u>4,541,826</u>	<u>-</u>	<u>4,541,826</u>	<u>4,429,747</u>
Expenditures and Other Financing				
Purchased Professional Services	306,567		306,567	
Construction Services	4,235,259		4,235,259	
Total Expenditures	<u>4,541,826</u>	<u>-</u>	<u>4,541,826</u>	<u>-</u>
Excess (Deficiency) of Revenues (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,429,747</u>
Additional project information				
Project number	2940-040-14-1001 and 2940-040-14-1002			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 2,874,065			
Bonds Issued	2,874,065			
Original Authorized Cost	\$ 4,429,747			
Additional Authorized Cost				
Revised Authorized Cost	4,429,747			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	100.00%			
Original target completion date	September 2016			
Revised target completion date	July 1, 2018			

Manchester Township School District
 Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2019

Issue/Project Title	Appropriations	Expenditures to Date			Transferred Out	Unexpended Balance
		Prior Year	Current Year	Cancellations		
Referendum Project - Various Improvements - 2014	\$ 15,246,535	\$ 14,839,550				\$ 406,985
New Jersey Clean Energy Rebate Program	125,623			\$ (23,350)	\$ (102,273)	
	<u>\$ 15,372,158</u>	<u>\$ 14,839,550</u>	<u>\$ -</u>	<u>\$ (23,350)</u>	<u>\$ (102,273)</u>	<u>\$ 406,985</u>
<u>2014 Referendum Project:</u>						
Bond and note proceeds	\$ 9,605,000					
State Share	5,641,535					
Total referendum	<u>\$ 15,246,535</u>					

Proprietary Funds

Internal Service Fund

Manchester Township School District
Internal Service Funds

Combining Statement of Net Position

June 30, 2019

	<u>SAT Prep Fund</u>	<u>Transportation Fund</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 370		\$ 370
Other receivables		\$ 134,262	134,262
Total current assets	<u>\$ 370</u>	<u>\$ 134,262</u>	<u>\$ 134,632</u>
LIABILITIES			
Current liabilities:			
Accounts payable		\$ 417	\$ 417
Interfund payable		60,358	60,358
Total current liabilities	<u>-</u>	<u>60,775</u>	<u>60,775</u>
NET POSITION			
Unrestricted	370	73,487	73,857
Total net position	<u>\$ 370</u>	<u>\$ 73,487</u>	<u>\$ 73,857</u>

Manchester Township School District
Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Year Ended June 30, 2019

	<u>SAT Prep Fund</u>	<u>Transportation Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Services provided to other funds	\$ 2,720	\$ 482,854	\$ 485,574
Total operating revenues	<u>2,720</u>	<u>482,854</u>	<u>485,574</u>
 Operating expenses:			
Salaries		100,813	100,813
Employee benefits		63,500	63,500
Purchased professional services		256,041	256,041
Other objects		62,500	62,500
Supplies and materials	2,350		2,350
Total operating expenses	<u>2,350</u>	<u>482,854</u>	<u>485,204</u>
Operating income	370	-	370
 Change in net position	<u>370</u>	<u>-</u>	<u>370</u>
Total net position—beginning	-	73,487	73,487
Total net position—ending	<u>\$ 370</u>	<u>\$ 73,487</u>	<u>\$ 73,857</u>

Manchester Township School District
Internal Service Funds

Combining Statement of Cash Flows

June 30, 2019

	SAT Prep Fund	Transportation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 2,720	\$ 516,990	\$ 519,710
Payments to employees		(100,813)	(100,813)
Payments for employee benefits		(63,500)	(63,500)
Payments to suppliers	(2,350)	(318,124)	(320,474)
Net cash provided by operating activities	<u>370</u>	<u>34,553</u>	<u>34,923</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers to other funds		(34,553)	(34,553)
Net cash (used in) non-capital financing activities	<u>-</u>	<u>(34,553)</u>	<u>(34,553)</u>
Net increase in cash and cash equivalents	370	-	370
Balances—beginning of year	-	-	-
Balances—end of year	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ 370</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 370		\$ 370
Adjustments to reconcile operating income to net cash provided by operating activities			
Decrease in accounts receivable		\$ 34,553	34,553
Total adjustments		<u>34,553</u>	<u>34,553</u>
Net cash provided by operating activities	<u>\$ 370</u>	<u>\$ 34,553</u>	<u>\$ 34,923</u>

Fiduciary Funds

Manchester Township School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2019

	Trust			Agency		
	Private Purpose Scholarship Fund	Unemployment Compensation Fund	Total Trust	Student Activity	Payroll	Total Agency
Assets						
Cash and cash equivalents	\$ 161,235	\$ 280,594	\$ 441,829	\$ 228,386	\$ 2,338,439	\$ 2,566,825
Accounts receivable		64,022	64,022			
Total assets	<u>161,235</u>	<u>344,616</u>	<u>505,851</u>	<u>\$ 228,386</u>	<u>\$ 2,338,439</u>	<u>\$ 2,566,825</u>
Liabilities						
Payroll liabilities		8,307	8,307		\$ 2,338,439	\$ 2,338,439
Due to student groups				\$ 228,386		228,386
Total liabilities		<u>8,307</u>	<u>8,307</u>	<u>\$ 228,386</u>	<u>\$ 2,338,439</u>	<u>\$ 2,566,825</u>
Net Position						
Held in Trust	<u>161,235</u>	<u>336,309</u>	<u>497,544</u>			
Total net position	<u>\$ 161,235</u>	<u>\$ 336,309</u>	<u>\$ 497,544</u>			

Manchester Township School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2019

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Elementary Schools:				
Manchester Elementary	\$ 22,857	\$ 22,338	\$ 22,718	\$ 22,477
Regional Day School	9,521	16,886	12,172	14,235
Ridgeway School	14,155	20,039	14,928	19,266
Whiting School	8,112	16,227	18,203	6,136
Total Elementary Schools	<u>67,816</u>	<u>75,490</u>	<u>68,021</u>	<u>62,114</u>
Middle School	34,424	90,753	76,739	48,438
Senior High School	110,596	306,771	299,533	117,834
Total All Schools	<u>\$ 212,836</u>	<u>\$ 473,014</u>	<u>\$ 444,293</u>	<u>\$ 228,386</u>

Manchester Township School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2019

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Assets				
Cash and cash equivalents	\$ 1,966,602	\$ 63,436,364	\$ 63,064,527	\$ 2,338,439
Total assets	<u>\$ 1,966,602</u>	<u>\$ 63,436,364</u>	<u>\$ 63,064,527</u>	<u>\$ 2,338,439</u>
Liabilities				
Payroll liabilities	\$ 1,966,602	\$ 63,436,364	\$ 63,064,527	\$ 2,338,439
Total liabilities	<u>\$ 1,966,602</u>	<u>\$ 63,436,364</u>	<u>\$ 63,064,527</u>	<u>\$ 2,338,439</u>

Long-Term Debt

Manchester Township School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2018	Retired	Balance June 30, 2019
			Date	Amount				
Referendum	3/1/2011	\$ 8,375,000	3/1/20	\$ 550,000	3.500	\$ 6,250,000	\$ 550,000	\$ 5,700,000
			3/1/21	550,000	3.500			
			3/1/22	550,000	3.750			
			3/1/23	550,000	3.750			
			3/1/24	500,000	4.000			
			3/1/25	500,000	4.000			
			3/1/26	500,000	4.000			
			3/1/27	500,000	4.000			
			3/1/28	500,000	4.000			
			3/1/29	500,000	4.125			
			3/1/30	500,000	4.125			
Refunding Bonds	3/28/2012	13,525,000	7/15/19	1,085,000	5.000	10,145,000	1,075,000	9,070,000
			7/15/20	1,095,000	4.500			
			7/15/21	1,095,000	4.500			
			7/15/22	1,095,000	4.500			
			7/15/23	1,100,000	5.000			
			7/15/24	1,095,000	3.000			
			7/15/25	850,000	3.000			
			7/15/26	835,000	3.130			
			7/15/27	820,000	3.250			
School Bonds	12/10/2014	9,605,000	3/15/20	550,000	2.250	7,705,000	525,000	7,180,000
			3/15/21	575,000	2.250			
			3/15/22	600,000	2.250			
			3/15/23	620,000	2.250			
			3/15/24	645,000	3.000			
			3/15/25	655,000	3.000			
			3/15/26	675,000	3.000			
			3/15/27	685,000	3.000			
			3/15/28	700,000	3.000			
			3/15/29	725,000	3.000			
			3/15/30	750,000	3.000			
					<u>7,705,000</u>	<u>525,000</u>	<u>7,180,000</u>	
					<u>\$ 24,100,000</u>	<u>\$ 2,150,000</u>	<u>\$21,950,000</u>	

Manchester Township School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year Ended June 30, 2019

	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2018	Retired Current Year	Amount Outstanding June 30, 2019
School buses	1.68%	\$ 635,000	\$ 241,978	\$ 58,995	\$ 182,983
School buses and equipment	1.71%	557,250	171,060	32,871	138,189
Office equipment	0.00%	4,300	541	541	
Office equipment	Variable	199,971	25,431	25,431	
Laptop Computers	Variable	331,192	67,856	67,856	
Textbooks	Variable	300,000	62,997	62,997	
School buses	Variable	194,808	36,805	36,805	
Bus and Camera System	1.94%	725,000	468,737	90,185	378,552
Buses and textbooks	1.99%	845,000	738,133	125,311	612,822
			<u>\$ 1,813,538</u>	<u>\$ 500,992</u>	<u>\$ 1,312,546</u>

Manchester Township School District
Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local tax levy	\$ 2,786,444		\$ 2,786,444	\$ 2,786,444	
State sources:					
Debt Service Aid	202,062		202,062	202,062	
Total revenues	<u>2,988,506</u>	-	<u>2,988,506</u>	<u>2,988,506</u>	-
Expenditures:					
Principal on bonds	2,150,000		2,150,000	2,150,000	
Interest on bonds	838,856		838,856	838,856	
Total expenditures	<u>2,988,856</u>	-	<u>2,988,856</u>	<u>2,988,856</u>	-
(Deficiency) of revenues (under) expenditures	(350)		(350)	(350)	-
Other financing sources:					
Transfers in	102,945		102,945	102,945	-
Total other financing sources	<u>102,945</u>	-	<u>102,945</u>	<u>102,945</u>	-
Net change in fund balance	102,595	-	102,595	102,595	-
Fund balance, July 1	910	-	910	910	-
Fund balance, June 30	<u>\$ 103,505</u>	<u>\$ -</u>	<u>\$ 103,505</u>	<u>\$ 103,505</u>	<u>\$ -</u>

Statistical Section - Other Information
(Unaudited)

Statistical Section
Unaudited

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year.*

Manchester Township School District
Net Position by Component
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 17,700,524	\$ 17,031,547	\$ 16,198,934	\$ 16,337,248	\$ 16,519,291	\$ 17,067,636	\$ 18,617,647	\$ 23,070,376	\$ 23,505,093	\$ 24,092,836
Restricted	33,709	226,678	835,861	1,273,553	1,100,096	2,157,654	4,272,611	2,853,959	2,058,828	2,140,175
Unrestricted (deficit)	(4,033,482)	(3,881,640)	(3,306,942)	(3,207,568)	(2,974,389)	(19,892,077)	(20,226,997)	(22,997,136)	(23,894,954)	(24,215,577)
Total governmental activities net position	\$ 13,700,751	\$ 13,376,585	\$ 13,727,853	\$ 14,403,233	\$ 14,644,998	\$ (666,787)	\$ 2,663,261	\$ 2,927,199	\$ 1,668,967	\$ 2,017,434
Business-type activities										
Net investment in capital assets	\$ 559,432	\$ 552,016	\$ 476,579	\$ 409,863	\$ 354,499	\$ 303,085	\$ 245,981	\$ 192,917	\$ 166,982	\$ 144,839
Unrestricted (deficit)	514,629	251,722	189,117	307,919	221,059	(2,043,632)	(2,678,384)	(3,231,931)	(3,532,016)	(2,244,929)
Total business-type activities net position	\$ 1,074,061	\$ 803,738	\$ 665,696	\$ 717,782	\$ 575,558	\$ (1,740,547)	\$ (2,432,403)	\$ (3,039,014)	\$ (3,365,034)	\$ (2,100,090)
District-wide										
Net investment in capital assets	\$ 18,259,956	\$ 17,583,563	\$ 16,675,513	\$ 16,747,111	\$ 16,873,790	\$ 17,370,721	\$ 18,863,628	\$ 23,263,293	\$ 23,672,075	\$ 24,237,675
Restricted	33,709	226,678	835,861	1,273,553	1,100,096	2,157,654	4,272,611	2,853,959	2,058,828	2,140,175
Unrestricted (deficit)	(3,518,853)	(3,629,918)	(3,117,825)	(2,899,649)	(2,753,330)	(21,935,709)	(22,905,381)	(26,229,067)	(27,426,970)	(26,460,506)
Total district net position	\$ 14,774,812	\$ 14,180,323	\$ 14,393,549	\$ 15,121,015	\$ 15,220,556	\$ (2,407,334)	\$ 230,858	\$ (111,815)	\$ (1,696,067)	\$ (82,656)

Source: CAFR Schedule A-1 and District records.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years. (See footnotes for detail).

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$18,520,055. This amount is not reflected in the June 30, 2014 Net Position above.

Manchester Township School District
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction	\$ 30,637,226	\$ 31,147,739	\$ 31,926,646	\$ 32,597,470	\$ 33,208,247	\$ 37,767,835	\$ 40,049,220	\$ 43,853,098	\$ 48,809,660	\$ 45,077,010
Support Services:										
Attendance and social work	45,080	53,507	51,304	56,380	59,051	69,405	76,771	77,840	73,762	74,326
Health services	329,056	392,958	439,139	458,276	405,372	420,468	433,965	457,646	477,856	523,308
Other support services	3,801,323	4,037,786	4,335,845	4,471,862	4,487,682	4,881,718	5,074,174	5,908,780	6,243,470	5,733,523
Improvement of instruction	946,132	964,068	1,067,319	1,110,423	1,094,227	1,216,005	1,426,602	1,652,019	1,749,547	1,646,178
Other support instructional staff	70,729	24,912	43,983	42,573	84,119	152,661	43,587	33,877	72,914	73,105
School library	648,935	637,551	694,645	699,204	662,340	649,888	666,302	776,286	777,082	632,419
General administration	2,137,006	2,171,113	1,849,178	1,921,716	1,816,954	1,819,761	2,159,962	4,073,454	2,365,497	2,313,823
School administration	3,108,069	3,171,830	3,364,903	3,588,481	3,598,870	3,983,005	4,403,487	5,392,517	5,638,278	5,181,587
Required maintenance of plant	530,628	1,050,808	997,008	1,210,371	1,340,786	1,240,265	1,146,279	340,994	1,839,769	1,308,136
Operation of plant	4,943,156	4,163,393	3,938,430	3,968,355	3,917,771	5,149,114	6,245,086	5,014,731	5,062,146	4,845,177
Student transportation	4,009,434	3,824,863	4,099,245	4,270,167	4,320,873	4,405,350	5,176,387	5,886,520	6,200,588	5,996,023
Capital outlay										
Interest on long-term debt	1,003,390	1,091,494	920,735	982,757	1,025,175	988,251	1,106,501	956,630	893,322	815,239
Total governmental activities expenses	<u>52,210,164</u>	<u>52,732,022</u>	<u>53,728,380</u>	<u>55,378,035</u>	<u>56,021,467</u>	<u>62,743,726</u>	<u>68,008,323</u>	<u>74,424,392</u>	<u>80,203,891</u>	<u>74,219,853</u>
Business-type activities:										
Food service	1,323,504	1,340,909	1,597,000	1,330,323	1,370,914	1,349,835	1,318,449	1,353,564	1,352,051	1,350,444
Regional Day School	6,552,213	6,528,926	6,164,162	5,990,245	5,977,857	6,102,914	5,952,972	6,119,386	6,025,421	5,980,387
Total business-type activities expense	<u>7,875,717</u>	<u>7,869,835</u>	<u>7,761,162</u>	<u>7,320,568</u>	<u>7,348,771</u>	<u>7,452,749</u>	<u>7,271,421</u>	<u>7,472,950</u>	<u>7,377,472</u>	<u>7,330,831</u>
Total district expenses	<u>\$ 60,085,881</u>	<u>\$ 60,601,857</u>	<u>\$ 61,489,542</u>	<u>\$ 62,698,603</u>	<u>\$ 63,370,238</u>	<u>\$ 70,196,475</u>	<u>\$ 75,279,744</u>	<u>\$ 81,897,342</u>	<u>\$ 87,581,363</u>	<u>\$ 81,550,684</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 2,085,000	\$ 2,147,109	\$ 2,225,318	\$ 2,342,906	\$ 2,238,606	\$ 2,147,960	\$ 2,184,663	\$ 2,246,563	\$ 2,402,372	\$ 2,491,973
Pupil transportation	282,722	281,160	240,753	286,081	262,741	287,230	381,561	376,660	430,144	485,574
Operating grants and contributions	1,595,822	1,738,700	1,248,364	1,296,586	1,132,307	1,187,486	1,268,792	1,455,257	1,499,405	1,543,678
Capital grants and contributions		16,621	68,549			576,678	3,816,710	1,033,015	212,035	3,097
Total governmental activities program revenues	<u>3,963,544</u>	<u>4,183,590</u>	<u>3,782,984</u>	<u>3,925,573</u>	<u>3,633,654</u>	<u>4,199,354</u>	<u>7,651,726</u>	<u>5,111,495</u>	<u>4,543,956</u>	<u>4,524,322</u>
Business-type activities:										
Charges for services										
Food service	825,512	800,212	952,129	705,089	772,900	750,700	738,033	731,712	752,912	780,803
Regional Day School	6,334,639	6,105,215	5,878,950	5,940,486	5,677,829	5,828,791	5,069,815	5,353,217	5,520,122	7,032,968
Operating grants and contributions	681,419	685,840	792,020	727,079	755,818	774,004	771,717	781,410	778,418	751,314
Total business type activities program revenues	<u>7,841,570</u>	<u>7,591,267</u>	<u>7,623,099</u>	<u>7,372,654</u>	<u>7,206,547</u>	<u>7,353,495</u>	<u>6,579,565</u>	<u>6,866,339</u>	<u>7,051,452</u>	<u>8,565,085</u>
Total district program revenues	<u>\$ 11,805,114</u>	<u>\$ 11,774,857</u>	<u>\$ 11,406,083</u>	<u>\$ 11,298,227</u>	<u>\$ 10,840,201</u>	<u>\$ 11,552,849</u>	<u>\$ 14,231,291</u>	<u>\$ 11,977,834</u>	<u>\$ 11,595,408</u>	<u>\$ 13,089,407</u>
Net (Expense)/Revenue										
Governmental activities	\$ (48,246,620)	\$ (48,548,430)	\$ (49,945,394)	\$ (51,452,462)	\$ (52,387,813)	\$ (58,544,372)	\$ (60,356,597)	\$ (69,312,897)	\$ (75,659,937)	\$ (69,695,531)
Business-type activities	(34,147)	(278,568)	(138,063)	52,086	(142,224)	(99,254)	(691,856)	(606,611)	(326,020)	1,234,254
Total district-wide net expense	<u>\$ (48,280,767)</u>	<u>\$ (48,826,998)</u>	<u>\$ (50,083,457)</u>	<u>\$ (51,400,376)</u>	<u>\$ (52,530,037)</u>	<u>\$ (58,643,626)</u>	<u>\$ (61,048,453)</u>	<u>\$ (69,919,508)</u>	<u>\$ (75,985,957)</u>	<u>\$ (68,461,277)</u>

Manchester Township School District
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 35,706,257	\$ 37,489,885	\$ 38,560,101	\$ 39,331,303	\$ 40,117,929	\$ 40,920,287	\$ 41,933,692	\$ 42,772,366	\$ 43,977,813	\$ 45,262,715
Property taxes levied for debt service	2,106,952	2,233,421	2,102,060	2,185,454	2,110,991	2,185,251	2,888,994	2,820,179	2,786,339	2,786,444
Unrestricted grants and contributions	9,781,745	8,163,511	9,529,730	10,588,044	10,279,911	16,279,924	18,719,469	23,885,859	27,471,011	21,871,912
Investment earnings	64,083	72,853	2,429		1,152	1,620	46,900	37,809	46,614	33,678
Miscellaneous income	278,863	264,594	102,342	23,041	119,595	148,709	97,590	60,622	119,928	89,249
Transfers										
Total governmental activities	47,937,900	48,224,264	50,296,662	52,127,842	52,629,578	59,535,791	63,686,645	69,576,835	74,401,705	70,043,998
Business-type activities:										
Investment earnings and miscellaneous revenue	4,134	8,245	21							30,690
Miscellaneous income										30,690
Total business-type activities	4,134	8,245	21							30,690
Total district-wide	\$ 47,942,034	\$ 48,232,509	\$ 50,296,683	\$ 52,127,842	\$ 52,629,578	\$ 59,535,791	\$ 63,686,645	\$ 69,576,835	\$ 74,401,705	\$ 70,074,688
Change in Net Position										
Governmental activities	\$ (308,720)	\$ (324,166)	\$ 351,268	\$ 675,380	\$ 241,765	\$ 991,419	\$ 3,330,048	\$ 263,938	\$ (1,258,232)	\$ 348,467
Business-type activities	(30,013)	(270,323)	(138,042)	52,086	(142,224)	(99,254)	(691,856)	(606,611)	(326,020)	1,264,944
Total district	\$ (338,733)	\$ (594,489)	\$ 213,226	\$ 727,466	\$ 99,541	\$ 892,165	\$ 2,638,192	\$ (342,673)	\$ (1,584,252)	\$ 1,613,411

Source: CAFR Schedule A-2 and District records.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years. (See footnotes for detail).

Manchester Township School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
Unaudited

	2010		2011		2012		2013		As of June 30,		2014		2015		2016		2017		2018		2019		
General Fund																							
Reserved	\$	6,793																					
Unreserved		154,219																					
Restricted for																							
Assigned to			\$	56,120	\$	474,520	\$	547,437	\$	616,036	\$	1,125,368	\$	1,704,475	\$	1,977,096	\$	1,529,317	\$	1,733,190			
Unassigned				362,868		458,967		303,227		577,463		51,503		260,350		8,644		143,849		109,863			
Total general fund	\$	161,012	\$	418,988	\$	933,487	\$	1,410,876	\$	1,837,741	\$	1,774,356	\$	2,469,101	\$	2,687,449	\$	2,524,591	\$	2,857,943			
All Other Governmental Funds																							
Unreserved, reported in:																							
Special revenue fund (deficit)																							
Capital projects fund (deficit)	\$	7,601,036																					
Debt service fund (deficit)		33,709																					
Restricted for:																							
Capital projects fund			\$	762,598	\$	835,861	\$	691,434	\$	484,060	\$	9,096,410	\$	2,568,136	\$	876,863	\$	876,863	\$	406,985			
Debt service fund								34,682		116,620		364,565		3,483		3,483		3,483		103,505			
Assigned to:																							
Capital projects fund				336,205																			
Debt service fund				226,678																			
Total all other governmental funds	\$	7,634,745	\$	1,325,481	\$	835,861	\$	726,116	\$	484,060	\$	9,213,030	\$	2,932,701	\$	880,346	\$	880,346	\$	510,490			

Source: CAFR Schedule B-1 and District records.

GASB No. 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See footnote 1 in the basic financial statements). Prior years have not been restated above, nor are they required to be.

Manchester Township School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

Unaudited

	Year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 37,813,209	\$ 39,723,306	\$ 40,662,161	\$ 41,516,757	\$ 42,228,920	\$ 43,105,538	\$ 44,822,686	\$ 45,592,545	\$ 46,764,152	\$ 48,049,159
Tuition charges	2,085,000	2,147,109	2,225,318	2,342,906	2,238,606	2,147,960	2,184,663	2,246,563	2,402,372	2,491,973
Interest earnings	64,083	72,853	2,429		1,152	1,620	10,850	13,962	46,614	672
Investment Income							36,050	23,847		33,006
Miscellaneous	286,669	264,671	115,247	34,982	139,974	139,424	188,739	69,949	166,451	171,149
State sources	9,721,863	8,124,104	9,279,419	10,480,849	10,033,552	11,288,416	15,256,752	13,537,972	13,512,423	14,631,220
Federal sources	1,647,898	1,794,651	1,534,324	1,381,706	1,346,241	1,269,795	1,386,627	1,611,174	1,579,965	1,591,886
Total revenue	51,618,722	52,126,694	53,818,898	55,757,200	55,988,445	57,952,753	63,886,367	63,096,012	64,471,977	66,969,065
Expenditures										
Instruction										
Regular and Special Education Instruction	22,282,855	21,676,305	22,101,498	22,742,019	23,171,860	23,613,152	23,996,137	24,748,311	25,546,491	25,894,888
Support Services:										
Attendance and social work	34,474	39,353	37,732	41,467	42,996	45,198	46,757	44,595	42,023	47,471
Health services	329,056	392,958	439,139	458,276	405,372	420,468	433,965	457,646	477,856	523,308
Other support services	2,905,702	3,009,236	2,953,130	3,068,456	3,035,844	2,886,769	2,707,183	2,954,053	2,959,467	3,034,983
Improvement of instruction	713,368	692,721	737,602	771,886	770,009	730,633	829,877	862,762	873,009	894,789
School library	483,454	454,334	498,541	492,813	462,567	402,797	383,963	421,014	393,069	354,167
Instructional staff training	58,852	21,482	38,587	40,087	81,713	148,707	38,948	32,096	72,676	65,054
General administration	749,770	573,929	609,425	654,483	562,681	594,733	433,467	513,481	536,155	615,012
School administration	1,650,711	1,600,763	1,609,806	1,760,603	1,684,968	1,671,547	1,661,378	1,808,793	1,894,797	1,934,739
Central services	458,664	460,591	423,719	456,357	498,932	488,253	549,135	596,680	591,464	583,511
Information technology	181,162	181,243	317,799	302,039	329,395	269,605	244,824	456,848	363,760	318,159
Required maintenance of plant	522,361	593,432	829,477	1,042,988	866,329	1,176,131	1,045,440	727,338	995,044	946,061
Operation of plant	4,557,923	3,967,952	3,678,275	3,741,112	3,659,701	3,696,402	3,904,894	3,879,926	3,796,027	3,865,307
Student transportation	3,107,656	2,854,924	3,014,850	3,110,748	3,136,588	2,808,538	3,063,089	3,517,953	3,628,164	3,662,054
Business and other support services and benefits	11,599,774	12,472,192	13,425,509	14,034,792	14,035,305	14,679,951	15,638,003	17,482,441	18,599,679	20,188,610
Special Schools										
Costs of Issuance	59,648									
Capital outlay	1,131,105	6,745,245	734,502	1,253,165	1,588,828	3,179,926	11,487,932	3,013,500	2,076,974	738,675
Debt service:										
Cost of Issuance			72,000							
Principal	1,340,000	1,345,000	1,420,000	1,385,000	1,320,000	2,002,983	2,580,369	2,430,000	2,075,000	2,150,000
Interest and other charges	852,439	1,135,454	1,059,320	853,212	912,069	902,375	1,151,590	982,582	908,105	838,856
Total expenditures	53,018,974	58,217,114	54,000,911	56,209,503	56,565,157	59,718,168	70,196,951	64,930,019	65,829,760	66,655,644
Excess (Deficiency) of revenues over (under) expenditures	(1,400,252)	(6,090,420)	(182,013)	(452,303)	(576,712)	(1,765,415)	(6,310,584)	(1,834,007)	(1,357,783)	313,421
Other Financing sources (uses)										
Capital leases (non-budgeted)	125,410	39,132	134,892	819,947	761,521	826,000	725,000		845,000	
Bond proceeds	8,375,000					9,605,000				
Proceeds of refunding debt			13,525,000							
Payment to refunded debt escrow agent			(14,675,597)							
Original issue premium			1,296,985							
Original issue discount			(74,388)							
Transfers in	33,890	278,875				116,620	370,623	351	559	102,945
Transfers out	(33,890)	(278,875)	(2,000)			(116,620)	(370,623)	(351)	(559)	(102,945)
Total other financing sources (uses)	8,500,410	39,132	206,892	819,947	761,521	10,431,000	725,000	-	845,000	-
Net change in fund balances	\$ 7,100,158	\$ (6,051,288)	\$ 24,879	\$ 367,644	\$ 184,809	\$ 8,665,585	\$ (5,585,584)	\$ (1,834,007)	\$ (512,783)	\$ 313,421
Debt service as a percentage of noncapital expenditures	4.2%	4.8%	4.7%	4.1%	4.1%	5.1%	6.4%	5.5%	4.7%	4.5%

Source: CAFR Schedule B-2

Note: The change in fund balance in 2010 was the result of the issuance of \$8,375,000 of bonds offset by expenditures incurred relating to the District's approved referendum. The change in fund balance in 2015 was the result of the issuance of \$9,605,000 of bonds offset by expenditures incurred relating to the District's approved referendum.

Manchester Township School District
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	SREC Revenue	Insurance Refunds	Other Refunds	Misc.	Energy/E-rate Reimbursements	Total
2010		\$ 200,000	\$ 62,910	\$ 15,332		\$ 278,242
2011			35,909	35,716	\$ 192,969	264,594
2012	\$ 32,670		14,676	35,001		82,347
2013				12,907		12,907
2014	22,293	41	8,308	76,905		107,547
2015		18,225	1,200	21,133		40,558
2016	36,050	15,390	4,060	102,372		157,872
2017	23,847			60,622		84,469
2018	59,897	10,372		49,659		119,928
2019			20,133	99,806		119,939

Source: District Records

Manchester Township School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg/Qual	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b
2019	\$ 87,658,400	\$ 2,636,323,236	\$ 5,754,300	\$ 310,324,700	\$ 24,436,600	\$ 259,337,500	\$ 3,323,834,736	\$ 4,008,381	\$ 3,327,843,117	\$ 1.457
2018	99,712,300	2,586,960,854	5,759,500	310,063,100	24,436,600	259,337,500	3,286,269,854	3,732,909	3,290,002,763	1.441
2017	111,405,500	2,538,362,185	5,735,400	311,203,800	24,436,600	259,361,500	3,250,504,985	3,708,597	3,254,213,582	1.419
2016	118,976,900	2,513,100,885	5,506,100	323,818,400	24,436,600	259,361,500	3,245,200,385	3,811,602	3,249,011,987	1.391
2015	124,982,600	2,490,770,585	5,666,300	327,057,000	24,436,600	259,361,500	3,232,274,585	4,115,976	3,236,390,561	1.358
2014	133,048,200	2,470,952,785	4,936,400	327,605,000	24,436,600	261,657,500	3,222,636,485	4,038,726	3,226,675,211	1.322
2013	135,522,600	2,459,320,285	5,500,500	330,524,900	25,747,400	261,720,000	3,218,335,685	5,952,831	3,224,288,516	1.298
2012	171,207,500	3,059,694,394	6,213,200	348,092,000	26,978,000	345,376,900	3,957,561,994	6,710,264	3,964,272,258	1.036
2011	183,788,800	3,061,710,794	4,403,200	358,896,400	27,443,100	436,648,600	4,072,890,894	6,468,926	4,079,359,820	0.985
2010	200,659,400	3,045,434,794	3,914,600	364,006,600	27,443,100	436,648,600	4,078,107,094	7,138,078	4,085,245,172	0.942

Source: District records, Tax list summary & Municipal Tax Assessor and Collector, abstract of ratables, County Board of Taxation

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, which occurred in the 2009 fiscal year.

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

b Tax rates are per \$100

Manchester Township School District
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Manchester Township School District			Unaudited Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation	Total Direct	Manchester Township	Ocean County	
		Debt Service ^b				
2010	\$ 0.889	\$ 0.053	\$ 0.942	\$ 0.454	\$ 0.361	\$ 1.757
2011	0.933	0.052	0.985	0.514	0.358	1.857
2012	0.982	0.054	1.036	0.530	0.356	1.922
2013	1.231	0.067	1.298	0.644	0.409	2.351
2014	1.255	0.067	1.322	0.663	0.451	2.436
2015	1.292	0.066	1.358	0.652	0.477	2.487
2016	1.313	0.078	1.391	0.664	0.479	2.534
2017	1.333	0.086	1.419	0.651	0.495	2.565
2018	1.356	0.085	1.441	0.636	0.474	2.551
2019	1.374	0.083	1.457	0.633	0.475	2.565

Source: District Records and Municipal Tax Collector.

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

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

Manchester Township School District
Principal Property Taxpayers
Current Year and Nine Years Ago

Unaudited

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Cedar Glen Lakes	\$ 56,671,100	1	1.70%	\$ 83,656,900	1	2.00%
Crestwood Village Co-Op IV	41,213,500	2	1.24%	79,101,500	2	1.90%
Crestwood Village Co-Op II	35,593,700	3	1.07%	67,784,100	3	1.70%
Pine Ridge MHC LLC	35,000,000	4	1.05%	47,000,000	6	1.20%
Crestwood Village Co-Op III	34,559,000	5	1.04%	65,900,000	4	1.60%
Manchester Plaza	33,547,500	6	1.01%	35,061,900	7	0.90%
Crestwood Village Co-Op I	27,678,000	7	0.83%	51,578,600	5	1.30%
Briarhill At Manchester	27,500,000	8	0.83%			
Hovson's				31,503,800	10	0.80%
Sprintpoint At Crestwood	24,601,800	9	0.74%			
Cedar Glen West				32,800,800	9	0.80%
Keswick Pines	23,601,700	10	0.71%			
Presbyterian Homes				34,200,000	8	0.80%
Total	<u>\$ 339,966,300</u>		<u>10.22%</u>	<u>\$ 528,587,600</u>		<u>13.00%</u>

Source: District CAFR & Municipal Tax Assessor and Treasurer

Manchester 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	Percentage of Levy	
2010	\$ 37,813,209	\$ 37,813,209	100.00%	
2011	39,723,306	39,723,306	100.00%	
2012	40,662,161	40,662,161	100.00%	
2013	41,516,757	41,516,757	100.00%	
2014	42,228,920	42,228,920	100.00%	
2015	43,105,538	43,105,538	100.00%	
2016	44,822,686	44,822,686	100.00%	
2017	45,592,545	45,592,545	100.00%	
2018	46,764,152	46,764,152	100.00%	
2019	48,049,159	48,049,159	100.00%	

Source: District records including the 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, in the amount certified prior to the end of each school year.

Manchester 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 Per Capita Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Capital Leases				
2010	\$ 27,694,000		\$ 1,577,199	\$ 67,528	\$ 29,338,727	0.13%	\$ 39,521	
2011	26,349,000		1,236,221	52,185	27,637,406	0.14%	39,677	
2012	24,980,530		957,950	37,623	25,976,103	0.16%	40,291	
2013	23,606,202		1,336,938	35,746	24,978,886	0.16%	40,724	
2014	23,490,668		1,630,151	20,278	25,141,097	0.17%	43,200	
2015	31,594,255		1,878,168	5,470	33,477,893	0.13%	43,214	
2016	29,502,842		2,037,799	2,065	31,542,706	0.14%	44,381	
2017	26,996,429		1,509,729		28,506,158	0.16%	46,109	
2018	24,845,016		1,813,538		26,658,554	0.18%	48,116	
2019	22,618,603		1,312,546		23,931,149	0.21%	50,184	

Source: District CAFR Schedules I-1, I-2, footnotes and District records.

Note: Details regarding the District's outstanding debt can be found in note 5 to the basic financial statements.

- a See J-14 for per capita 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

Manchester Township School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
 Unaudited

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2010	\$ 27,694,000	\$ 33,709	\$ 27,660,291	0.68%	\$ 662.30
2011	26,349,000	226,678	26,122,322	0.64%	605.41
2012	25,145,000		25,145,000	0.63%	581.01
2013	23,606,202	34,682	23,571,520	0.73%	560.97
2014	22,440,000		22,440,000	0.70%	517.74
2015	30,620,000	116,620	30,503,380	0.94%	700.34
2016	28,605,000	364,565	28,240,435	0.87%	636.32
2017	26,175,000	3,483	26,171,517	0.81%	601.06
2018	24,100,000	910	24,099,090	0.75%	555.34
2019	21,950,000	103,505	21,846,495	0.68%	503.43

Source:

a See J-6 for property tax data.

b Population and personal income data can be found in J-14.

Note: Details regarding the District's outstanding debt can be found in Note 5 to the basic financial statements.

Manchester Township School District
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2019

Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Manchester Township	\$ 19,398,858	100.0%	\$ 19,398,858
County of Ocean	515,144,534	3.8%	<u>19,575,492</u>
Subtotal, overlapping debt			<u>38,974,350</u>
Manchester Township School District Direct Debt			<u>22,618,603</u>
Total direct and overlapping debt			<u><u>\$ 61,592,953</u></u>

Sources: Manchester Township Finance Officer, Ocean 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 Manchester. 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.

Manchester Township School District
 Legal Debt Margin Information
 Last Ten Fiscal Years

Unaudited

Equalized Valuation Basis

2019	\$ 3,864,025,501
2018	3,837,755,289
2017	<u>3,795,545,288</u>
	<u>\$ 11,497,326,078</u>

\$ 3,832,442,026

Debt limit (4 % of average equalization value)	\$ 153,297,681
	<u>21,950,000</u>
	<u>\$ 131,347,681</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 191,025,092	\$ 184,281,147	\$ 178,030,202	\$ 160,186,863	\$ 150,693,231	\$ 141,669,385	\$ 145,477,074	\$ 148,444,666	\$ 151,386,229	\$ 153,297,681
Total net debt applicable to limit	<u>33,709</u>	<u>226,678</u>	<u>25,145,000</u>	<u>23,571,520</u>	<u>22,440,000</u>	<u>30,503,380</u>	<u>28,240,435</u>	<u>26,171,517</u>	<u>24,099,090</u>	<u>21,950,000</u>
Legal debt margin	<u>\$ 163,331,092</u>	<u>\$ 184,054,469</u>	<u>\$ 203,175,202</u>	<u>\$ 136,615,343</u>	<u>\$ 128,253,231</u>	<u>\$ 111,166,005</u>	<u>\$ 117,236,639</u>	<u>\$ 122,273,149</u>	<u>\$ 127,287,139</u>	<u>\$ 131,347,681</u>
Total net debt applicable to the limit as a percentage of debt limit	14.50%	0.12%	14.12%	14.72%	14.89%	21.53%	19.41%	17.63%	15.92%	14.32%

Source: Abstract of Ratables, Annual Report of the State of New Jersey, Department of the Treasury, Division of Taxation and District Records.

Manchester Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years

Unaudited

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2010	43,148		\$ 40,291	13.9%
2011	43,278		40,291	14.2%
2012	42,019		40,724	14.5%
2013	43,342		43,200	12.8%
2014	43,555		43,214	9.1%
2015	44,381		44,381	7.7%
2016	43,542		46,109	6.7%
2017	43,395		47,413	6.4%
2018	43,395		47,413	6.4%
2019	43,097		50,184	5.7%

Source:

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

^b Personal income data was not available.

^c Per Capita Personal Income information provided by NJ Dept of Labor and Workforce Development.

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

Manchester Township School District
Principal Employers
Current Year and Nine Years Ago

Unaudited

Employer	2019			2010		
	Employees*	Rank (Optional)	Percentage of Total	Employees	Rank (Optional)	Percentage of Total
Joint Base - Lakehurst	3,550	1	63.39%	3,550	1	63.16%
Manchester Township Board of Education	600	2	10.71%	501	2	8.91%
Whiting Healthcare	140	3	2.50%	237	5	4.22%
Manchester Township	228	4	4.07%	228	6	4.06%
Arista Healthcare	225	5	4.02%			
Crestwood Manor	225	6	4.02%	260	4	4.63%
Shoprite	200	7	3.57%	359	3	6.39%
Manchester Manor	192	8	3.43%	192	7	3.42%
Lowe's	120	9	2.14%			
Arbors Care Center	120	10	2.14%			
Logan Manor				140	8	2.49%
Whiting Super G				120	9	2.13%
Magnesium Elekton Inc.				34	10	0.60%
	<u>5,600</u>		<u>100.00%</u>	<u>5,621</u>		<u>100.00%</u>

Source: Manchester Township CFO and Official Statements

* Estimated

Manchester Township School District
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Unaudited

<u>Function/Program</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>2019</u>
Instruction										
Regular	209.6	215	215.6	215.6	214.6	214.1	212.1	219.1	218.1	214.2
Special education	52	68	67.4	67.4	68.4	68.4	68.4	68.4	68.4	68.4
Other special education	42	35	38	38	38	38	38	38	39	39
Support Services:										
Student & instruction related services	59.8	69	68.7	68.7	70.7	77.7	84.7	84.7	98.2	105.6
General administrative services	5	2	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
School administrative services	24	24	23.9	23.9	25.4	26.4	28.4	28.4	28.4	26.4
Business administrative services	8	7	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Technical administrative services	2	2	1.8	1.8	1.8	3	4	4	4	4
Plant operations and maintenance	33	32	32.4	34.4	34.4	36.5	36.5	36.5	36.5	37.5
Pupil transportation	57	58	58.3	58.3	58.3	62.62	62.62	62.62	62.62	63.9
Special Schools	45									
Total	<u>537.40</u>	<u>512.00</u>	<u>515.10</u>	<u>517.10</u>	<u>520.60</u>	<u>535.72</u>	<u>543.72</u>	<u>550.72</u>	<u>564.22</u>	<u>568.00</u>

Source: District Personnel Records

***NOTE:** 2011 Data is reported in accordance with the new full-time equivalent format provided as part of the 2011-2012 budget build. FTE's in Special Schools category education and student and instruction related services.

Manchester Township School District
 Operating Statistics
 Last Ten Fiscal Years

Unaudited

Pupil/Teacher Ratio

Fiscal Year	October 15 Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2010	3,204	\$ 49,695,430	\$ 15,510	6.83%	282	11:1	10:1	11:1	3,189	3,063	-1.31%	94.56%
2011	3,109	48,991,415	15,758	1.60%	276	11:1	10:1	11:1	3,145	3,111	-1.38%	94.56%
2012	3,044	50,715,089	16,661	5.73%	276	11:1	10:1	11:1	3,023	3,002	-3.88%	94.90%
2013	2,992	52,718,126	17,620	11.81%	276	11:1	10:1	11:1	2,948	2,926	-6.26%	94.40%
2014	2,931	52,744,260	17,995	8.01%	276	11:1	10:1	11:1	3,044	2,941	0.69%	94.66%
2015	2,938	53,632,884	18,255	3.61%	276	11:1	10:1	11:1	2,954	2,816	0.20%	94.66%
2016	2,914	54,977,060	18,867	4.84%	276	11:1	10:1	11:1	2,956	2,853	-2.89%	94.89%
2017	2,915	58,503,937	20,070	9.94%	275	11:1	10:1	11:1	2,948	2,850	-0.20%	96.68%
2018	2,878	60,769,681	21,115	11.92%	270	11:1	10:1	11:1	2,929	2,838	-0.91%	96.89%
2019	2,895	62,928,113	21,737	8.31%	272	11:1	10:1	11:1	2,890	2,660	-1.97%	92.04%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

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

Manchester Township School District
School Building Information
Last Ten Fiscal Years

Unaudited

<u>District Building</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>2019</u>
<u>Elementary</u>										
Manchester Elementary (1992)										
Square Feet	61,900	61,900	61,900	61,900	61,900	61,900	61,900	61,900	61,900	61,900
Capacity (students)	711	711	711	711	711	711	711	711	711	711
Enrollment	585	581	597	601	601	547	546	567	551	541
Ridgeway Elementary (1958)										
Square Feet	66,150	66,150	66,150	66,150	66,150	66,150	66,150	66,150	66,150	66,150
Capacity (students)	694	694	694	694	694	694	694	694	694	694
Enrollment	545	527	516	506	506	488	487	463	453	444
Whiting Elementary (1954)										
Square Feet	36,900	36,900	36,900	36,900	36,900	36,900	36,900	36,900	36,900	36,900
Capacity (students)	336	336	336	336	336	336	336	336	336	336
Enrollment	285	280	247	239	239	264	261	247	241	248
<u>Middle School</u>										
Manchester Middle (1983)										
Square Feet	104,948	104,948	104,948	104,948	104,948	104,948	104,948	104,948	104,948	104,948
Capacity (students)	822	822	822	822	822	822	822	822	822	822
Enrollment	703	666	667	681	681	675	691	663	681	667
<u>High School</u>										
Manchester High School (1976)										
Square Feet	179,400	179,400	179,400	179,400	179,400	179,400	179,400	179,400	179,400	179,400
Capacity (students)	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402
Enrollment	1,137	1,123	1,051	1,001	1,001	980	971	1,008	1,003	991

Number of Schools at June 30, 2019

 High School = 1

 Elementary = 3

 Middle School = 1

Source: District records, ASSA

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

Enrollment is based on the annual October district count.

Manchester Township School District
 General Fund
 Schedule of Required Maintenance for School Facilities
 Last Ten Fiscal Years

Unaudited

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

School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Central Office		\$ 208,475	\$ 240,673	\$ 234,994	\$ 221,690	\$ 176,935	\$ 161,307	\$ 180,085	\$ 109,067	\$ 82,941	\$ 82,475
High School	40	201,454	343,518	122,208	289,847	391,864	160,717	197,972	229,602	159,957	115,391
Manchester Elementary School	43	151,204	88,281	56,862	157,077	155,822	93,312	127,434	97,080	81,975	89,188
Manchester Middle School	45	160,807	134,581	170,154	217,836	228,808	198,324	401,210	180,858	125,249	84,716
Ridgeway Elementary School	50	129,950	88,050	88,902	92,039	131,489	188,149	100,861	124,450	77,947	92,910
Whiting Elementary School	60	94,171	99,941	54,217	66,951	91,213	64,520	35,426	88,420	65,363	57,681
Total School Facilities		\$ 946,061	\$ 995,044	\$ 727,338	\$ 1,045,440	\$ 1,176,131	\$ 866,329	\$ 1,042,988	\$ 829,477	\$ 593,432	\$ 522,361

Source: District records of required maintenance.

Manchester Township School District
Insurance Schedule
Year ended June 30, 2019
Unaudited

Type of Coverage	Coverage	Deductible
Multi Peril Package Policy - New Jersey School Board Association Ins. Group		
Section I - Property:		
Blanket building and contents	\$ 500,000,000	\$ 5,000
Extra expense	50,000,000	5,000
Flood/Earthquake /Terrorism	126,000,000	500,000
Valuable papers	10,000,000	5,000
Demolition and Inc. Cost of Construction	25,000,000	
Limited Builders Risk	10,000,000	
Other	625,000	
Section II - Electronic Data Processing:		
Computer equipment:Hardware/Software	1,000,000	1,000
Computer Virus	250,000	
Section III - Property and Business Inc.:		
Equipment/Business Income	100,000,000	5,000
Section IV - Crime:		
Blanket employee dishonesty	1,000,000	1,000
Depositors forgery	50,000	500
Money and securities	50,000	500
Forgery or Alteration	1,000,000	1,000
Computer Fraud	50,000	500
Section V - General Liability:		
Bodily injury and property damage	11,000,000	
Sexual Abuse	11,000,000	
Products and Completed Operations	11,000,000	
Personal Injury and Adv. Injury	11,000,000	
Employee Benefits Liability	11,000,000	1,000
Terrorism	1,000,000	
Section VI - Automobile:		
Bodily Injury and Property Damage	11,000,000	
Uninsured/underinsured	1,000,000	
Personal Injury Protection	250,000	
Terrorism	1,000,000	
Medical payments	10,000	
Comprehensive and collision	ACU	1,000

Source: District Records

Manchester Township School District
Insurance Schedule
Year ended June 30, 2019
Unaudited

Type of Coverage	Coverage	Deductible
Errors and Omissions:		
Errors and Omissions	\$ 11,000,000	\$ 15,000
Workers Compensation:		
Employer Liability	2,000,000	
Workers Compensation	2,000,000	
Umbrella Excess Liability:		
Policy aggregate limit of liability-primary	10,000,000	
Umbrella excess liability-secondary	10,000,000	
Environmental Impairment Liability:		
Aggregate limit of liability	1,000,000	10,000
Fidelity Bonds:		
Selective Insurance Company/Utica National Insurance Group:		
Board Secretary/Business Administrator	120,000	

Source: District Records

Single Audit Section

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 Auditors' Report

Honorable President and Members
of the Board of Education
Manchester Township School District
County of Ocean
Whiting, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Manchester Township School District, in the County of Ocean, New Jersey (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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Compliance and Other Matters

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

PKF O'Connor Davies, LLP

December 18, 2019
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant
No. 2305

**Report on Compliance For Each Major Federal and State Program and
on Internal Control Over Compliance Required by the
Uniform Guidance and New Jersey OMB Circular 15-08**

Independent Auditors' Report

Honorable President and Members
of the Board of Education
Manchester Township School District
County of Ocean
Whiting, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Manchester Township School District's, in the County of Ocean, New Jersey (the "District") 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 District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that

could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 a 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

PKF O'Connor Davies, LLP

December 18, 2019
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant
No. 2305

Manchester Township School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2019

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, 2018	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Balance at June 30, 2019		
					From	To					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Health and Human Services - Passed Through State Department of Education													
General Fund:													
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	Not available	\$ 99,418	7/1/18	6/30/19			\$ 99,418	\$ (99,418)			
Total General Fund									99,418	(99,418)			
U.S. Department of Defense - Direct													
Special Revenue Fund:													
STEM grant	12.000	Not applicable	Not available	12,000	7/1/18	6/30/19	\$ 8,116		12,000	(8,116)		\$ 12,000	
U.S. Department of Education - Passed Through State Department of Education													
Special Revenue Fund:													
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A190030	NCLB-2940-08	620,254	7/1/18	6/30/19			620,254	(620,254)			
Special Education Cluster:													
IDEA Special Education Grants to States	84.027A	H027A190100	FT294008	705,781	7/1/18	6/30/19			705,781	(705,781)			
IDEA Preschool Grants for Children with Disabilities	84.173A	H173A190114	PS294007	33,284	7/1/18	6/30/19			33,284	(33,284)			
Subtotal of Special Education Cluster:									739,065	(739,065)			
Title II, Part A, Improving Teacher Quality State Grants	84.367A	S367A190029	NCLB-2940-07	85,030	7/1/18	6/30/19			85,030	(85,030)			
Title III, Immigrant	84.365	S365A190030	NCLB-2940-07	2,753	7/1/18	6/30/19			2,753	(2,753)			
Title IV, Part A	84.186A	S424A190031	NCLB-2940-08	37,250	7/1/18	6/30/19			37,025	(37,250)	\$ (225)		
Total Special Revenue Fund							8,116		1,496,127	(1,492,468)	(225)	12,000	
U.S. Department of Agriculture—Passed-Through NJ Department of Agriculture													
Enterprise Fund:													
Child Nutrition Cluster:													
Food Donation Program (NC)	10.555	181NJ304N1099	N/A	81,655	7/1/17	6/30/18	5,844			(5,844)			
Food Donation Program (NC)	10.555	191NJ304N1099	N/A	75,251	7/1/18	6/30/19			75,251	(75,251)			
National School Lunch Program	10.555	181NJ304N1099	N/A	409,502	7/1/17	6/30/18	(34,975)		34,975				
National School Lunch Program	10.555	191NJ304N1099	N/A	396,882	7/1/18	6/30/19			366,552	(396,882)	(30,330)		
School Breakfast Program	10.553	181NJ304N1099	N/A	102,602	7/1/17	6/30/18	(9,711)		9,711				
School Breakfast Program	10.553	191NJ304N1099	N/A	98,014	7/1/18	6/30/19			89,986	(98,014)	(8,028)		
Subtotal Child Nutrition Cluster:							(38,842)		576,475	(575,991)	(38,358)		-
Healthy Hunger-Free Kids Act	10.555	181NJ304N1099	N/A	12,014	7/1/17	6/30/18	(1,063)		1,063				
Healthy Hunger-Free Kids Act	10.555	191NJ304N1099	N/A	11,729	7/1/18	6/30/19			10,815	(11,729)	(914)		
Total Enterprise Fund							(39,905)		588,353	(587,720)	(39,272)		-
Total Federal Awards							\$ (31,789)	\$ -	\$ 2,183,898	\$ (2,179,606)	\$ (39,272)	\$ 12,000	\$ -

NC-non cash expenditures.

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Manchester Township School District

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Balance at June 30, 2019			MEMO		
			From	To	Unearned Revenue (Accounts Receivable)	Carryover/ (Walkover) Amount			Intergovernmental (Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:														
General Fund:														
Transportation Aid	18-495-034-5120-014	\$ 1,826,200	7/1/2017	6/30/2018	\$ (171,628)		\$ 171,628							
Transportation Aid	19-495-034-5120-014	1,989,096	7/1/2018	6/30/2019			1,801,375	\$ (1,989,096)				\$ (187,721)	\$ (1,989,096)	
Special Education Categorical Aid	18-495-034-5120-089	1,709,627	7/1/2017	6/30/2018	(160,672)		160,672							
Special Education Categorical Aid	19-495-034-5120-089	1,756,005	7/1/2018	6/30/2019			1,590,282	(1,756,005)				(165,723)	(1,756,005)	
Extraordinary Aid	18-100-034-5120-044	581,839	7/1/2017	6/30/2018	(581,839)		581,839							
Extraordinary Aid	19-100-034-5120-044	810,105	7/1/2018	6/30/2019				(810,105)	\$ (810,105)				(810,105)	
Security Aid	18-495-034-5120-084	410,680	7/1/2017	6/30/2018	(38,596)		38,596							
Security Aid	19-495-034-5120-084	573,735	7/1/2018	6/30/2019			519,589	(573,735)				(54,146)	(573,735)	
Adjustment Aid	18-495-034-5120-085	1,420,212	7/1/2017	6/30/2018	(133,473)		133,473							
Adjustment Aid	19-495-034-5120-085	1,087,996	7/1/2018	6/30/2019			985,317	(1,087,996)				(102,679)	(1,087,996)	
PARCC Readiness Aid	18-495-034-5120-098	28,080	7/1/2017	6/30/2018	(2,639)		2,639							
Per Pupil Growth Aid	18-495-034-5120-097	28,080	7/1/2017	6/30/2018	(2,639)		2,639							
Professional Learning Community Aid	18-495-034-5120-101	27,510	7/1/2017	6/30/2018	(2,585)		2,585							
Other State Aid (NP Transportation Aid)	Not Available	10,730	7/1/2017	6/30/2018	(10,730)		10,730							
Other State Aid (NP Transportation Aid)	Not Available	9,280	7/1/2018	6/30/2019				(9,280)	(9,280)				(9,280)	
On-Behalf TPAF Medical Contributions (NC)	19-495-034-5094-001	2,070,368	7/1/2018	6/30/2019			2,070,368	(2,070,368)					(2,070,368)	
On-Behalf TPAF Long-Term Disability Insurance (NC)	19-495-034-5094-004	4,661	7/1/2018	6/30/2019			4,661	(4,661)					(4,661)	
TPAF Pension and Annuity Fund (NC)	19-495-034-5094-002	4,564,319	7/1/2018	6/30/2019			4,564,319	(4,564,319)					(4,564,319)	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	1,544,371	7/1/2017	6/30/2018	(76,114)		76,114							
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	1,558,533	7/1/2018	6/30/2019			1,447,160	(1,558,533)	(111,373)				(1,558,533)	
Total General Fund					(1,180,915)		14,163,986	(14,424,098)	(930,758)			(510,269)	(14,424,098)	
Capital Projects Fund:														
NJ School Development Authority (SDA)	Various	5,878,446	8/5/2015	Completion	(294,580)		297,677	(3,097)					(5,641,537)	
Total Capital Projects Fund					(294,580)		297,677	(3,097)					(5,641,537)	
Debt Service Fund														
Debt Service Aid	19-495-034-5120-017	202,062	7/1/2018	6/30/2019			202,062	(202,062)					(202,062)	
Total Debt Service Fund							202,062	(202,062)					(202,062)	
State Department of Agriculture:														
Enterprise Fund:														
National School Lunch Program (State Share)	18-100-010-3350-023	10,614	7/1/2017	6/30/2018	(937)		937							
National School Lunch Program (State Share)	19-100-010-3350-023	10,349	7/1/2018	6/30/2019			9,544	(10,349)	(805)				(10,349)	
State Department of Education:														
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	164,844	7/1/2017	6/30/2018	(7,704)		7,704							
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	153,245	7/1/2018	6/30/2019			143,830	(153,245)	(9,415)				(153,245)	
Total Enterprise Fund					(8,641)		162,015	(163,594)	(10,220)				(163,594)	
Total state awards					\$ (1,484,136)		\$ 14,825,740	\$ (14,792,851)	\$ (940,978)	\$ -	\$ -	\$ (510,269)	\$ (20,431,291)	
State Financial Assistance Not Subject to Single Audit Determination:														
General Fund:														
On-Behalf TPAF Medical Contributions (NC)	19-495-034-5094-001	2,070,368	7/1/2018	6/30/2019			(2,070,368)	2,070,368					2,070,368	
On-Behalf TPAF Long-Term Disability Insurance (NC)	19-495-034-5094-001	4,661	7/1/2018	6/30/2019			(4,661)	4,661					4,661	
TPAF Pension and Annuity Fund (NC)	19-495-034-5094-002	4,564,319	7/1/2018	6/30/2019			(4,564,319)	4,564,319					4,564,319	
Total State Financial Assistance Subject to Single Audit Determination					\$ (1,484,136)		\$ 8,186,392	\$ (8,153,503)	\$ (940,978)	\$ -	\$ -	\$ (510,269)	\$ (13,791,943)	

NC-non cash expenditures.

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Manchester Township School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2019

1. General

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

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

Manchester Township School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2019

3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis of accounting with the exception of the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment 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 \$(1,963) for the general fund and no adjustment required for the special revenue fund. See note 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 (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 99,418	\$ 14,426,061	\$ 14,525,479
Special Revenue Fund	1,492,468		1,492,468
Capital Projects Fund		3,097	3,097
Debt Service Fund		202,062	202,062
Enterprise Fund/Food Service	587,720	10,349	598,069
Enterprise Fund/Regional Day School		153,245	153,245
Total financial award revenues	<u>\$ 2,179,606</u>	<u>\$ 14,794,812</u>	<u>\$ 16,974,420</u>

Manchester Township School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2019

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security Contributions represent the amounts reimbursed by the State for the employer's share of social security for TPAF members for the year ended June 30, 2019.

The post retirement pension, medical and long-term disability benefits received on-behalf of the District for the year ended June 30, 2019 amounted to \$6,639,348. Since on-behalf post retirement pension, medical and long-term disability benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

Manchester Township School District
Schedule of Findings and Questioned Costs
June 30, 2019

Part I–Summary of Auditors Results

Financial Statement Section

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	<u> </u> Yes	<u> X </u>	No
Are any significant deficiencies identified?	<u> </u> Yes	<u> X </u>	None Reported
Is any noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u>	No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified?	<u> </u> Yes	<u> X </u>	No
Are any significant deficiencies identified?	<u> </u> Yes	<u> X </u>	None Reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Manchester Township School District

Schedule of Findings and Questioned Costs

June 30, 2019

Part I—Summary of Auditors Results (continued)

Federal Awards Section (continued)

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.027A	H027A190100	Special Education Cluster: IDEA Special Education Grants to States
84.173A	H173A190114	IDEA Preschool Grants for Children with Disabilities

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

Auditee qualified as low-risk auditee? X Yes No

Manchester Township School District

Schedule of Findings and Questioned Costs

June 30, 2019

Part I—Summary of Auditors Results (continued)

State Awards

Internal control over major state programs:

Are any material weaknesses identified? _____ Yes X No

Are any significant deficiencies identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major state programs: _____
Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? _____ Yes X No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
100-034-5120-044 495-034-5094-003	Extraordinary Aid Reimbursed TPAF Social Security Contributions

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

Auditee qualified as low-risk auditee? _____
 X Yes _____ No

Manchester Township School District

Schedule of Findings and Questioned Costs

June 30, 2019

Part II—Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Manchester Township School District

Schedule of Findings and Questioned Costs

June 30, 2019

Part III—Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

State Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.

Manchester Township School District
Summary Schedule of Prior Audit Findings
June 30, 2019

Not applicable.