

MANCHESTER TOWNSHIP SCHOOL DISTRICT



Manchester Township Board of Education
Manchester Township, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

"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, 2020

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

**MANCHESTER TOWNSHIP SCHOOL DISTRICT
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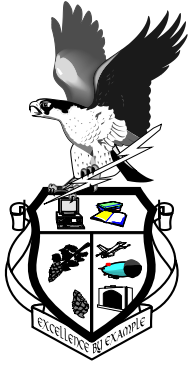
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Introductory Section



Manchester Township Board of Education

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Vice President

January 22, 2021

Honorable President and Members
of the Board of Education and Constituents of
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, 2020, 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, 2020 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 2019/2020 fiscal year with an enrollment of 2,907.0 students. This includes 125 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 2019/2020 was 69.0. 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
2019-2020 (RDS)	2,907.0 69.0	0.59 % (2.82)%
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)

The District has experienced a slight increase in enrollment over the past 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 2020-2021 school year to be 3,003 and 60 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 2019-2020 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:

- Summer Jump Start Program focuses on Reading and Math.
- New Jersey Student Learning Standards revisions have been shared with teachers. Teachers worked on curriculum revisions.
- Elementary Supervisor position
- Open ended question strategies (RACER) – Restate, Answer, Cite Evidence, Explain, Restate.
- 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 2019-2020 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.
- The District also added two Class III officers in 2019-2020 to bolster school security. One officer is placed at the middle school and one is working in the elementary schools.
- 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.

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 \$4.9 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 2019-2020 school year.**

Status: We continue 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 \$4.9 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.
- Due to COVID-19, the District was required to shut down in March 2020 with all students going to a full remote learning model. The impact of COVID-19 could be significant to the 2020-2021 budget due to the demand for staff needed to replace those on leaves of absence, personal protective equipment and supplies needed for students and staff, technology needed to provide synchronous learning and equitability for remoted learners, additional software, staff professional development and equipment and supplies needed for building sanitization. As long as we are under the current guidelines of this pandemic, it will put a strain of the District's budget.

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 controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget submitted to the Department of Education. In accordance with the New Jersey Quality Single Accountability Continuum, the District develops a budget calendar to set the schedule of benchmarks for the budget.

Budget development begins with a review of personnel and new staffing requests, health benefit projections, district-wide instructional initiatives and capital projects. Departmental and school budget requests are reviewed to ensure compliance with educational objectives and budget thresholds. State aid allocations are announced late in the budget development process and budget adjustments are made accordingly. Budget requests are populated in the Department of Education budget software and are reviewed for compliance with regulations. The Board of Education receives monthly reports on the budget development process.

A preliminary budget is finalized and presented to the Board of Education for approval. The preliminary budget is then submitted to the New Jersey Department of Education Executive County Superintendent of Schools for comments and approval. The preliminary budget is modified as necessary and the annual budget is adopted by the Board of Education for the general fund, the special revenue fund, and the debt service fund. A copy of the approved user-friendly budget is posted to the District's website for easy access by the community. The final adopted appropriated budget 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, 2020.

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, 2019. This is the twenty-fifth 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 2019/2020 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 10% 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 2020-2021 budget and beyond. Currently, minimum wage is \$11 per hour. This will increase to \$12 per hour in January 2021 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.

The impact of COVID-19 could play a big part in current and future budgets. The district has spent several hundred thousand dollars in preparation to open schools under COVID-19 state guidelines. The impact this pandemic will have on future budgets is still uncertain but school districts could be looking at a “new normal” when it comes to educating students. Demand for staff, personal protective equipment, technology, cleaning supplies, signage, software, and staff development will impact and change the landscape of the school budget.

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.

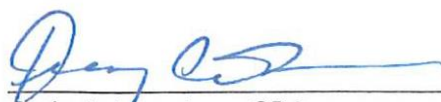
10. Acknowledgments

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



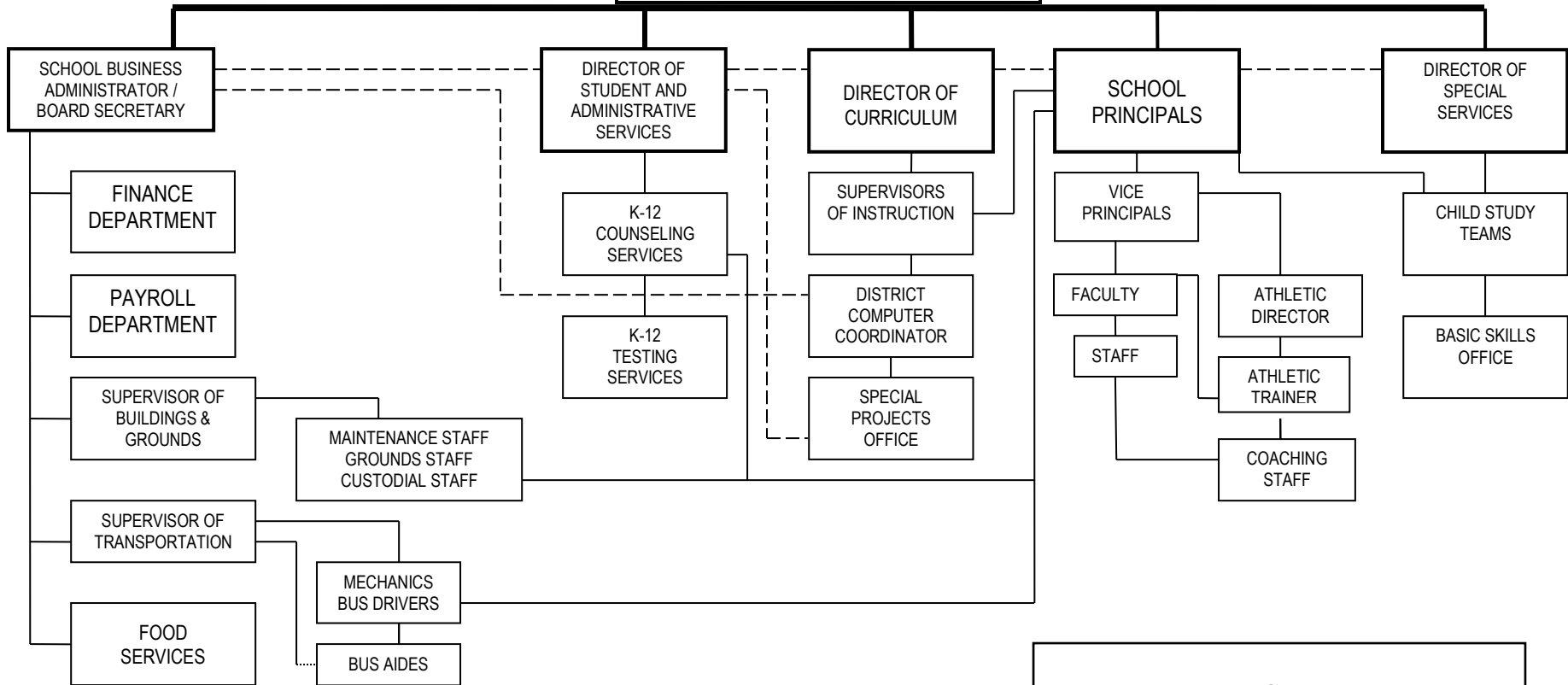
Craig A. Lorentzen, CPA
Board Secretary
Business Administrator

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, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ken Pate, President	2020
Jennifer Hudak, Vice President	2020
Bryan Jenner	2021
Gayle Mount	2022
Daniel R. Staples	2022
Anthony Goltsch	2020
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

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SCHOOL BUSINESS OFFICIALS
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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, 2019.

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



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
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, 2020, 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
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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**Honorable President and Members
of the Board of Education
Manchester Township School District**
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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, 2020, 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 changes in the OPEB liability and related ratios 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
of the Board of Education
Manchester Township School District**
Page 3

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 January 22, 2021 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 solely 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

January 22, 2021
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, 2020

As management of the Manchester Township School District (the 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, 2020. 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 (2019-2020) and the prior fiscal year (2018-2019) 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 29 - 30 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 balances 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 31 – 33 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 34 - 36 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 37 - 38 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 39 - 77 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 83 - 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, 2020 and 2019:

Manchester Township Board of Education Manchester Township, New Jersey						
Net Position						
	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets						
Current and other assets	\$ 5,251,500	\$ 1,192,506	\$ 6,444,006	\$ 4,107,243	\$ 697,577	\$ 4,804,820
Capital assets, net	45,438,899	103,129	45,542,028	47,265,616	144,839	47,410,455
Total assets	50,690,399	1,295,635	51,986,034	51,372,859	842,416	52,215,275
Deferred outflows of resources	5,392,371	641,531	6,033,902	7,004,328	855,731	7,860,059
Liabilities:						
Current liabilities	1,445,984	204,667	1,650,651	1,983,029	169,451	2,152,480
Net pension liabilities	18,554,006	2,544,932	21,098,938	19,833,578	2,723,668	22,557,246
Long-term liabilities outstanding	26,526,594		26,526,594	27,713,031		27,713,031
Total Liabilities	46,526,584	2,749,599	49,276,183	49,529,638	2,893,119	52,422,757
Deferred inflow of resources	6,967,869	911,056	7,878,925	6,830,115	891,814	7,721,929
Net position:						
Net investments in capital assets	23,760,798	103,129	23,863,927	24,092,836	144,839	24,237,675
Restricted	3,694,578		3,694,578	2,140,175		2,140,175
Unrestricted (deficit)	(24,867,059)	(1,826,618)	(26,693,677)	(24,215,577)	(2,244,929)	(26,460,506)
Total net position	\$ 2,588,317	\$ (1,723,489)	\$ 864,828	\$ 2,017,434	\$ (2,100,090)	\$ (82,656)

Governmental Activities

The increase in current and other assets from the prior year was primarily attributable to an increase in receivables and a significant increase in the current year cash balance from the prior year. The increase in receivables was mainly driven by the current year increase in extraordinary aid from the prior year. Although several factors drive the amount of aid the school district may receive including enrollment, changes in related services, etc., the largest determining factor in this increase related to the increase in the rate provided by the State Budget for the program. The significant increase to the cash balance was primarily driven by the impact of the global pandemic, COVID-19, which halted all school activities abruptly from March 2020 through June 2020. Although cash resources were quickly reallocated to technology to allow the school district to continue to work remotely, certain other expenditures were reduced. These reduced

expenditures included but were not limited to salaries, supplies and materials, general maintenance, and professional services.

Capital assets, net, decreased from the prior year. Depreciation expense of \$2,572,024 was offset by capital asset acquisitions of \$834,661.

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. The changes in 2020 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, 2018 and rolled forward to 2019. The net pension liability associated with the District's governmental activities at June 30, 2020 amounted to \$18,554,006, which was a decrease of approximately \$1,280,000 and resulted from changes in the net pension calculation. Long-term liabilities decreased by approximately \$1,180,000, which was largely driven by the impact of principal payments on debt, the bond refunding, offset by the new capital lease. The new capital lease acquired for technology, buses and textbooks amounted to \$1,150,000.

The largest portion of the District's net position is its net investment in capital assets, \$23,760,798 (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 \$3,809,233 is comprised of unexpended amounts in the Capital Projects Fund in the amount of \$379,554, amounts restricted for future debt service payments in the Debt Service Fund in the amount of \$114,165, amounts restricted for Maintenance Reserve in the amount of \$682,410, amounts restricted for Capital Reserve in the amount of \$1,400,000, and excess surplus in the amount of \$1,232,614 that is restricted to be utilized in the District's 2021 and 2022 fiscal year budgets.

The remaining deficit balance, (\$24,867,059) 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 \$380,000 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 \$400,000 driven by an increase in enrollment in the first half of the school year and continued expansion to the preschool program in the 2019-2020 year. This was a smaller increase to net position from the prior year increase to net position in the amount of \$1,205,826. The difference was directly related to the impact of the global pandemic, COVID-19, which forced school closures from March 2020 through June 2020. Although the RDS school continued to work remotely there were certain delays that reduced overall revenue for the year ended June 30, 2020.
- The Regional Day School's share of the net pension liability decreased by approximately \$179,000 to \$2,544,932. There was a reported unrestricted net position deficit at year-end of \$(1,863,542).
- Without the effects of the net pension liability, the Regional Day School's unrestricted net position

was \$1,125,357 compared to a deficit of (\$1,836,542). The increase in unrestricted net position was the result of strict budgeting and controlled spending, especially during the time period of the school closings impacted by COVID-19.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2020 and 2019 are as follows:

Manchester Township Board of Education
Manchester Township, New Jersey

Changes in Net Position

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,572,111	\$ 6,555,567	\$ 9,127,678	\$ 2,977,547	\$ 7,813,771	\$ 10,791,318
Operating and capital grants and contributions	1,529,815	682,156	2,211,971	1,546,775	751,314	2,298,089
General revenues:						
Property taxes	48,914,098		48,914,098	48,049,159		48,049,159
Federal and state aid not restricted to specific purposes	18,952,617		18,952,617	21,871,912		21,871,912
Investment earnings	28,272		28,272	33,678		33,678
Miscellaneous	134,860		134,860	89,249	30,690	119,939
Total revenues	72,131,773	7,237,723	79,369,496	74,568,320	8,595,775	83,164,095
Expenses:						
Instructional services	43,743,080	2,148,006	45,891,086	45,077,010	2,167,430	47,244,440
Support services	27,022,153	4,713,116	31,735,269	28,327,604	5,163,401	33,491,005
Interest on long-term liabilities	795,657		795,657	815,239		815,239
Total expenses	71,560,890	6,861,122	78,422,012	74,219,853	7,330,831	81,550,684
Change in net position	570,883	376,601	947,484	348,467	1,264,944	1,613,411
Net position (deficit) - beginning	2,017,434	(2,100,090)	(82,656)	1,668,967	(3,365,034)	(1,696,067)
Net position (deficit) - ending	\$ 2,588,317	\$ (1,723,489)	\$ 864,828	\$ 2,017,434	\$ (2,100,090)	\$ (82,656)

Governmental Activities

Operating and capital grants and contributions decreased slightly in the current year, due to a decrease grant related instructional salaries during the 2020 fiscal year.

The total general fund tax levy in 2020 was \$46,167,969. That is an increase of \$905,254 over the 2019 general fund tax levy of \$45,262,715. The 2019-2020 tax levy increase is below the state-mandated 2 percent cap. The total decrease from 2018/19 to 2019/20 in state and federal aid was \$3,019,295. The decrease was caused by changes in assumptions, the discount rate and estimated mortality rates determined by the actuary in the GASB 75 calculation effective for the year ended June 30, 2020.

Decreases of approximately \$2,700,000 in instructional and support services was directly related to the global pandemic COVID-19, which forced school closings from March 2020 through the end of the year. Although expenditures were quickly reallocated to technology and remote learning, certain expenditures budgeted for the spring 2020 for certain repairs, maintenance, professional services, etc. were never incurred due the pandemic.

Business-Type Activities

- Charges for services decreased by \$1,258,204 from 2019, or 19%. This sharp decrease was a direct result of the COVID-19 Global Pandemic which resulted in the District to transition to remote learning.
- Expenses decreased by approximately \$500,000 compared to the 2019 fiscal year, a large portion of which is directly attributable to Food Service. The District's transition to remote learning during the 2nd quarter of 2020 resulted in fewer purchases and a decrease in hourly staff, resulting in a \$369,192 decrease in food service expenditures from the 2019 fiscal year.

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, 2020, and the increases in relation to the prior year.

Revenue	Amount	Percent of Total	Increase From 2019	Percent of Increase
Local Sources	\$51,414,310	75.52%	\$668,351	1.32%
State Sources	15,069,776	22.13%	438,556	3.00%
Federal Sources	1,598,163	2.35%	6,277	0.39%
Total	\$68,082,249	100.00%	\$1,113,184	3.54%

The increase in local sources is mainly attributable to the tax levy increase of approximately \$905,000 offset by decreases in tuition of approximately \$215,194. 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 \$256,144, as well as an increase in extraordinary aid of approximately \$228,000. The increase in federal sources is the result of the District receiving a slight increase Special Education Medical Initiative (SEMI) program revenue in the current year compared to 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, 2020 and the increases and (decreases) related to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2019	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$23,713,036	35.10%	\$501,425	2.16%
Undistributed expenditures	39,322,311	58.20%	(394,191)	-0.99%
Capital outlay	1,496,226	2.21%	757,551	102.56%
Debt service:				
Cost of Issuance	100,777	0.15%	100,777	100.00%
Principal	2,185,000	3.23%	35,000	1.63%
Interest	749,116	1.11%	(89,740)	-10.70%
Total	\$67,566,466	100.00%	\$910,822	1.37%

The increase in instruction expenses was primarily related to salary increases based on the District approved collective bargaining agreements. Undistributed expenditures decreased by \$394,191 from the 2019 fiscal year, was largely driven by a decrease in Health Benefit costs of approximately \$1,034,000 from fiscal year 2019 resulting from the district switching to a better cost savings plan. The District had a new lease purchase during fiscal year 2020 of \$1,150,000, which was the primary factor in an increase of \$784,532 in capital outlay. The District also issued a bond refunding during the fiscal year 2020, which attributed to the changes noted above to debt service.

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 \$1,755,860 during the 2020 fiscal year primarily the result of an increase to extraordinary aid of approximately \$228,000 and the local tax levy 2020 in the amount of \$905,254. As of June 30, 2020, the District has an unassigned fund balance of \$1,247,015 and excess surplus generated in the current year in the amount of \$771,788. The District designated \$460,826 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 \$1,400,000 for future capital improvements, as well as, a maintenance reserve restricted fund balance in the amount of \$682,410 for future maintenance projects. \$4,964 is assigned and designated for subsequent; year's expenditures and \$46,800 is recorded in encumbrances and assigned for other purposes.

Special Revenue Fund

Expenditures incurred in the Special Revenue Fund decreased by approximately \$14,000 as a result of a decrease in the receipt of federal grants.

Capital Projects Fund

As of June 30, 2020, the District's Capital Project's Fund Balance was \$379,554 which represented a decrease of \$27,431.

Debt Service Fund

As of June 30, 2020, the District's Debt Service Fund Balance was \$114,655. This is an increase from the prior year of \$11,150. The increase was generated by the net change of the new bond issuance and annual debt payments. 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, 2020 and 2019:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</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	40,942,015	42,550,435			40,942,015	42,550,435
Machinery, equipment and vehicles	3,276,066	3,087,846	\$103,129	\$144,839	3,379,195	3,232,685
Total capital assets, net	<u>\$45,438,899</u>	<u>\$47,265,616</u>	<u>\$103,129</u>	<u>\$144,839</u>	<u>\$45,542,028</u>	<u>\$47,410,455</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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Bonds payable (net)	\$20,438,015	\$22,618,603
Capital leases payable	1,919,956	1,312,546
Compensated absences	4,168,623	3,781,882
Total long-term liabilities	<u>\$26,526,594</u>	<u>\$27,713,031</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 a budget withdrawal from the maintenance reserve in the amount of \$190,000.

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

- Decrease of approximately \$550,000 from the instruction grades one through five appropriation to better align salary charges to other educational programs.
- Increase of approximately \$309,000 in instruction supplies to purchase additional classroom supplies.
- Increase of approximately \$205,000 in Tuition to CSSD and regional day schools to pay for students' tuition costs.
- Increase of approximately \$460,000 to the cleaning, repair and maintenance services line resulting from the impact of COVID-19, which required a significant amount of expenditures relating to cleaning duties beyond the normal scope of preparing areas for day to day activities.
- Decrease of approximately \$390,000 to the health benefits appropriation resulting from the school district obtaining a more advantageous cost savings plan while keeping the benefits essentially the same from the prior year.

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 2019-2020 school year the District's general state aid remained relatively flat from the 2018-2019 funding levels. In 2019-2020 the District's state aid was cut \$32,000 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 2020-2021 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 four 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 10% of its general fund budget from categorical state aid during 2019-2020 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 \$43,000 is the 13th lowest in the state, we are 7.8% below the poverty level and the average home value is \$198,149. The funding formula for state aid has not significantly favored funding for the District. The District maintains over 1,000

computers and on an annual basis purchases blocks 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 3,300 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 \$4,900,000 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.

During the 2019-2020 fiscal year the District issued a bond refunding. The refunding was for a debt issuance of \$8,375,000 dated January 27, 2020. The District refunded all of the outstanding callable principal in the principal amount of \$4,680,000. The reason for this refunding was to achieve a better interest rate on the outstanding principal.

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, 2020 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. The 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 25 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 2020-2021 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, 2020.

Manchester Township School District

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,641,127	\$ 323,095	\$ 2,964,222
Accounts receivable	2,579,365	847,518	3,426,883
Inventories		21,893	21,893
Investments	31,008		31,008
Capital assets, non-depreciable	1,220,818		1,220,818
Capital assets, depreciable, net	44,218,081	103,129	44,321,210
Total assets	<u>50,690,399</u>	<u>1,295,635</u>	<u>51,986,034</u>
Deferred Outflows of Resources			
Pension deferrals	4,712,501	641,531	5,354,032
Deferred loss on defeasance of debt	679,870		679,870
Total deferred outflows of resources	<u>5,392,371</u>	<u>641,531</u>	<u>6,033,902</u>
Liabilities			
Accounts payable	1,162,030	157,527	1,319,557
Accrued interest payable	278,419		278,419
Unearned revenue	5,535	47,140	52,675
Net pension liability	18,554,006	2,544,932	21,098,938
Current portion of long-term obligations	2,961,351		2,961,351
Noncurrent portion of long-term obligations	23,565,243		23,565,243
Total liabilities	<u>46,526,584</u>	<u>2,749,599</u>	<u>49,276,183</u>
Deferred Inflow Of Resources			
Pension deferrals	<u>6,967,869</u>	<u>911,056</u>	<u>7,878,925</u>
Net Position			
Net Investment in capital assets	23,760,798	103,129	23,863,927
Restricted for:			
Capital projects	379,554		379,554
Capital Reserve	1,400,000		1,400,000
Maintenance Reserve	682,410		682,410
Excess Surplus	1,232,614		1,232,614
Unrestricted (deficit)	<u>(24,867,059)</u>	<u>(1,826,618)</u>	<u>(26,693,677)</u>
Total net position	<u>\$ 2,588,317</u>	<u>\$ (1,723,489)</u>	<u>\$ 864,828</u>

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

Manchester Township School District

Statement of Activities

Year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction	\$ 43,743,080	\$ 2,276,779	\$ 1,323,074		\$ (40,143,227)		\$ (40,143,227)
Support services:							
Attendance/social work	71,665				(71,665)		(71,665)
Health services	501,037				(501,037)		(501,037)
Other support services	5,306,085		206,741		(5,099,344)		(5,099,344)
Improvement of instruction	1,532,055				(1,532,055)		(1,532,055)
Other support:							
Instructional staff	76,072				(76,072)		(76,072)
School library	636,861				(636,861)		(636,861)
General administration	2,222,108				(2,222,108)		(2,222,108)
School administration	5,148,006				(5,148,006)		(5,148,006)
Required maintenance of plant services	803,113				(803,113)		(803,113)
Operation of plant	4,513,144				(4,513,144)		(4,513,144)
Student transportation	6,212,007	295,332			(5,916,675)		(5,916,675)
Interest on long-term debt	795,657				(795,657)		(795,657)
Total governmental activities	71,560,890	2,572,111	1,529,815	-	(67,458,964)		(67,458,964)
Business-type activities							
Food service	983,659	441,092	526,185			\$ (16,382)	(16,382)
Regional day school	5,877,463	6,114,475	155,971			392,983	392,983
Total business-type activities	6,861,122	6,555,567	682,156			376,601	376,601
	\$ 78,422,012	\$ 9,127,678	\$ 2,211,971	\$ -	(67,458,964)	376,601	(67,082,363)
General revenues:							
					46,167,969		46,167,969
					2,746,129		2,746,129
					128,649		128,649
					18,823,968		18,823,968
					32,967		32,967
					28,272		28,272
					101,893		101,893
					68,029,847		68,029,847
					570,883	376,601	947,484
					2,017,434	(2,100,090)	(82,656)
					\$ 2,588,317	\$ (1,723,489)	\$ 864,828

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, 2020

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,137,098	\$ 6,239	\$ 383,200	\$ 113,685	\$ 2,640,222
Investments	31,008				31,008
Accounts receivable:					
State	1,118,562				1,118,562
Federal	22,702				22,702
Other	1,275,233		20,000		1,295,233
Interfund receivable	69,296			970	70,266
Total assets	<u>\$ 4,653,899</u>	<u>\$ 6,239</u>	<u>\$ 403,200</u>	<u>\$ 114,655</u>	<u>\$ 5,177,993</u>
Liabilities					
Accounts payable	\$ 40,096	\$ 704	\$ 22,676		\$ 63,476
Interfund payable			970		970
Unearned revenue		5,535			5,535
Total liabilities	<u>40,096</u>	<u>6,239</u>	<u>23,646</u>		<u>69,981</u>
Fund balances:					
Restricted for:					
Excess Surplus - current year	771,788				771,788
Excess Surplus - prior year - designated for subsequent year's expenditures	460,826				460,826
Maintenance reserve	682,410				682,410
Capital reserve	1,400,000				1,400,000
Debt service				\$ 114,655	114,655
Capital projects			379,554		379,554
Assigned to:					
Designated for subsequent year's expenditures	4,964				4,964
Other purposes	46,800				46,800
Unassigned:					
General fund	1,247,015				1,247,015
Total fund balances	<u>4,613,803</u>		<u>379,554</u>	<u>114,655</u>	<u>5,108,012</u>
Total liabilities and fund balances	<u>\$ 4,653,899</u>	<u>\$ 6,239</u>	<u>\$ 403,200</u>	<u>\$ 114,655</u>	

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 \$101,064,131 and the accumulated depreciation is \$55,625,232.	45,438,899
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.	74,477
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.	(278,419)
Losses and gains from the issuance of refunding bonds are deferred and amortized over the life of the bond.	679,870
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(2,255,368)
Accrued pension contributions for the June 30, 2020 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.	(1,098,554)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(18,554,006)
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.	(26,526,594)
Net position of governmental activities	<u>\$ 2,588,317</u>

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

Manchester Township School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 46,167,969			\$ 2,746,129	\$ 48,914,098
Tuition	2,276,779				2,276,779
Interest Income	31,997			970	32,967
Investment Income	28,272				28,272
Miscellaneous	101,893	\$ 60,301			162,194
Total local sources	48,606,910	60,301		2,747,099	51,414,310
State sources	14,871,609			198,167	15,069,776
Federal sources	128,649	1,469,514			1,598,163
Total revenues	63,607,168	1,529,815		2,945,266	68,082,249
Expenditures:					
Current:					
Instruction	22,389,962	1,323,074			23,713,036
Undistributed-current:					
Instruction	2,964,700				2,964,700
Attendance/social work	48,543				48,543
Health services	501,037				501,037
Support services	2,810,471	206,741			3,017,212
Improvement of instruction	896,457				896,457
School library	378,452				378,452
Instructional staff training	67,899				67,899
General administration	566,092				566,092
School administration	2,009,128				2,009,128
Central services	558,587				558,587
Information technology	380,781				380,781
Required maintenance for school facilities	1,158,528				1,158,528
Operation of plant	3,777,320				3,777,320
Student transportation	3,587,246				3,587,246
Unallocated benefits	10,956,304				10,956,304
On-behalf TPAF social security and pension contributions	8,454,025				8,454,025
Capital outlay	1,496,226		\$ 26,981		1,523,207
Debt service:					
Cost of Issuance				100,777	100,777
Principal				2,185,000	2,185,000
Interest				749,116	749,116
Total expenditures	63,001,758	1,529,815	26,981	3,034,893	67,593,447
Excess (deficiency) of revenues over (under) expenditures	605,410		(26,981)	(89,627)	488,802
Other financing sources (uses):					
Transfers in	450				450
Transfers out			(450)		(450)
Capital leases	1,150,000				1,150,000
Refunding bonds issued				4,680,000	4,680,000
Premium on bonds				579,815	579,815
Payment to refunded bond escrow agent				(5,159,038)	(5,159,038)
Total other financing sources (uses)	1,150,450		(450)	100,777	1,250,777
Net change in fund balances	1,755,860		(27,431)	11,150	1,739,579
Fund balances, July 1	2,857,943	-	406,985	103,505	3,368,433
Fund balances, June 30	\$ 4,613,803	\$ -	\$ 379,554	\$ 114,655	\$ 5,108,012

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, 2020

Total net change in fund balances - governmental funds (from B-2)	\$ 1,739,579
<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	\$ 834,661
Loss on Capital Asset Disposals	(89,354)
Depreciation Expense	<u>(2,572,024)</u>
	(1,826,717)
<p>The issuance of long-term debt provides current financial resources to governmental funds, however has no effect on net position.</p>	
Refunding Bonds Issued	(4,680,000)
Bonds Refunded	<u>5,150,000</u>
	470,000
<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	2,185,000
Obligations Under Capital Leases	<u>542,590</u>
	2,727,590
<p>Proceeds from capital leases are a financing source in the governmental funds. They are not revenue in the statement of net position; capital leases increase long-term liabilities in the statement of net position.</p>	
	(1,150,000)
<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	(486,907)
<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>	
Premium on Bond Issuance	(579,815)
Amortization of Premiums on Bonds	110,052
Amortization of Discounts on Bonds	(4,649)
Deferred Interest Costs on Bond Refunding	9,038
Amortization of Deferred Loss on Defeasance	<u>(87,537)</u>
	(552,911)
<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>	
	620
<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>	
	36,370
<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>	
	(386,741)
Change in net position of governmental activities (A-2)	\$ 570,883

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, 2020

	Major Funds			Internal Service Funds
	Business Type Activities - Enterprise Funds			
	Food Service	Regional Day School	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 28,672	\$ 294,423	\$ 323,095	\$ 905
Accounts receivable:				
State	3,082	7,361	10,443	
Federal	20,754		20,754	
Other	3,163	813,158	816,321	142,868
Inventories	21,893		21,893	
Total current assets	<u>77,564</u>	<u>1,114,942</u>	<u>1,192,506</u>	<u>143,773</u>
Noncurrent assets:				
Capital assets:				
Vehicles and equipment	776,149	2,521,359	3,297,508	
Accumulated depreciation	(698,435)	(2,495,944)	(3,194,379)	
Total capital assets, net	<u>77,714</u>	<u>25,415</u>	<u>103,129</u>	
Total noncurrent assets	<u>77,714</u>	<u>25,415</u>	<u>103,129</u>	
Total assets	<u>155,278</u>	<u>1,140,357</u>	<u>1,295,635</u>	<u>143,773</u>
Deferred Outflow of Resources				
Pension deferrals		<u>641,531</u>	<u>641,531</u>	
Liabilities				
Current liabilities:				
Accounts payable	8,500	149,027	157,527	
Interfund payable				69,296
Unearned revenue	32,140	15,000	47,140	
Total current liabilities	<u>40,640</u>	<u>164,027</u>	<u>204,667</u>	<u>69,296</u>
Noncurrent liabilities:				
Net pension liability		2,544,932	2,544,932	
Total noncurrent liabilities		<u>2,544,932</u>	<u>2,544,932</u>	
Total liabilities	<u>40,640</u>	<u>2,708,959</u>	<u>2,749,599</u>	<u>69,296</u>
Deferred Inflow of Resources				
Pension deferrals		<u>911,056</u>	<u>911,056</u>	
Net Position				
Investment in capital assets	77,714	25,415	103,129	
Unrestricted (deficit)	36,924	(1,863,542)	(1,826,618)	74,477
Total net position (deficit)	<u>\$ 114,638</u>	<u>\$ (1,838,127)</u>	<u>\$ (1,723,489)</u>	<u>\$ 74,477</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, 2020

	Major Funds			Internal Service Funds
	Business Type Activities - Enterprise Funds			
	Food Service	Regional Day School	Totals	
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 225,363		\$ 225,363	
Daily food sales non-reimbursable programs	202,542		202,542	
Special functions	11,822		11,822	
Tuition		\$ 6,106,520	6,106,520	
Miscellaneous revenue	1,365	7,955	9,320	
Total local sources	<u>441,092</u>	<u>6,114,475</u>	<u>6,555,567</u>	
Services provided to other funds				\$ 295,332
Total operating revenues	441,092	6,114,475	6,555,567	295,332
Operating expenses:				
Salaries	308,112	3,501,303	3,809,415	56,914
Employee benefits	25,404	1,855,587	1,880,991	34,500
Purchased professional services	101,056	10,500	111,556	156,663
Purchased property services	1,521		1,521	
Other purchased services	93,164	281,919	375,083	
Supplies and materials	25,458	133,867	159,325	3,135
Depreciation	8,411	48,530	56,941	
Cost of sales program	362,261		362,261	
Cost of sales non-program	53,245		53,245	
Other objects	5,027	45,757	50,784	43,500
Total operating expenses	<u>983,659</u>	<u>5,877,463</u>	<u>6,861,122</u>	<u>294,712</u>
Operating (loss) income	(542,567)	237,012	(305,555)	620
Nonoperating revenues:				
State sources:				
State school lunch program	11,582		11,582	
Reimbursed TPAF social security contribution		155,971	155,971	
Federal sources:				
National school lunch program	345,341		345,341	
National breakfast program	102,703		102,703	
Healthy Hunger-Free Kids Act (HHFKA)	11,674		11,674	
Food donation program	54,885		54,885	
Total nonoperating revenues	<u>526,185</u>	<u>155,971</u>	<u>682,156</u>	
Change in net position	(16,382)	392,983	376,601	620
Total net position (deficit)-beginning	<u>131,020</u>	<u>(2,231,110)</u>	<u>(2,100,090)</u>	<u>73,857</u>
Total net position (deficit)-ending	<u>\$ 114,638</u>	<u>\$ (1,838,127)</u>	<u>\$ (1,723,489)</u>	<u>\$ 74,477</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, 2020

	Major Funds			
	Business Type Activities -			
	Enterprise Funds			Internal
	Food	Regional	Totals	Service Funds
	Service	Day School		
Cash flows from operating activities				
Receipts from customers	\$ 479,118	\$ 5,917,614	\$ 6,396,732	\$ 286,726
Payments to employees	(308,112)	(3,501,303)	(3,809,415)	(56,914)
Payments for employee benefits	(25,404)	(1,787,573)	(1,812,977)	(34,500)
Payments to suppliers	(540,862)	(486,689)	(1,027,551)	(203,715)
Payments for insurance	(101,056)	(10,500)	(111,556)	
Net cash (used in) provided by operating activities	<u>(496,316)</u>	<u>131,549</u>	<u>(364,767)</u>	<u>(8,403)</u>
Cash flows from noncapital financing activities				
Cash received from state and federal reimbursements	550,547	158,025	708,572	
Negative cash balance implicitly financed	(10,328)		(10,328)	
Receipts and payments to other funds				8,938
Net cash provided by noncapital financing activities	<u>540,219</u>	<u>158,025</u>	<u>698,244</u>	<u>8,938</u>
Cash flows from capital and related financing activities				
Purchases of capital assets - equipment	(15,231)		(15,231)	
Net cash (used in) capital and related financing activities	<u>(15,231)</u>	<u>-</u>	<u>(15,231)</u>	
Net increase in cash and cash equivalents	28,672	289,574	318,246	535
Cash and cash equivalents, beginning of year	-	4,849	4,849	370
Cash and cash equivalents, end of year	<u>\$ 28,672</u>	<u>\$ 294,423</u>	<u>\$ 323,095</u>	<u>\$ 905</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:				
Operating (loss) income	\$ (542,567)	\$ 237,012	\$ (305,555)	\$ 620
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation	8,411	48,530	56,941	
Change in assets, deferred outflows, liabilities and deferred inflows:				
Decrease (increase) in accounts receivable	25,569	(211,861)	(186,292)	(8,606)
(Increase) in inventory	(8,686)		(8,686)	
Decrease in deferred outflows of resources		227,508	227,508	
Increase in deferred inflows of resources		19,242	19,242	
(Decrease) in net pension liability		(178,736)	(178,736)	
Increase (decrease) in accounts payable	8,500	(22,170)	(13,670)	(417)
Increase in unearned revenue	12,457	15,000	27,457	
(Decrease) in other liabilities		(2,976)	(2,976)	
Net cash (used in) provided by operating activities	<u>\$ (496,316)</u>	<u>\$ 131,549</u>	<u>\$ (364,767)</u>	<u>\$ (8,403)</u>

Noncash noncapital related financing activities:

The District received \$63,006 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2020.

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, 2020

	Private-Purpose Scholarship Fund	Unemployment Compensation Trust	Agency Fund
Assets			
Cash and cash equivalents	\$ 147,374	\$ 188,322	\$ 2,724,293
Due from agency fund		139,758	
Federal accounts receivable		48,491	
Total assets	<u>147,374</u>	<u>376,571</u>	<u>\$ 2,724,293</u>
Liabilities			
Payroll deductions and withholdings payable			\$ 2,349,324
Payroll liabilities		90,112	139,758
Due to student groups			235,211
Total liabilities		<u>90,112</u>	<u>\$ 2,724,293</u>
Net Position			
Held in trust for unemployment claims		<u>\$ 286,459</u>	
Held in trust for scholarships	<u>\$ 147,374</u>		

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, 2020

	Private-Purpose Scholarship Trust Fund	Unemployment Compensation Trust Fund
Additions		
Contributions:		
Employee contributions		\$ 75,735
CARES ACT federal contribution		48,491
Total contributions		124,226
Investment earnings:		
Interest	\$ 1,139	483
Total additions	1,139	124,709
Deductions		
Unemployment payments		174,559
Scholarship payments	15,000	
Total deductions	15,000	174,559
Change in net position	(13,861)	(49,850)
Net position-beginning of the year	161,235	336,309
Net position-end of the year	\$ 147,374	\$ 286,459

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, 2020

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, 2020

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. 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, 2020

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 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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 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.

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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 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, 2020 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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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, 2020, the District had inventories in the Food Service Enterprise fund of \$8,121 which represent unused Food Donation Program commodities, which are also reported as unearned revenue.

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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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, 2020, a liability existed for compensated absences in the government-wide financial statements in the amount of \$4,168,623 and no liability existed for compensated absences in the proprietary fund types.

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. 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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, 2020, the District has recorded an unamortized balance of \$679,870 as a deferred outflow of resources and recognized amortization expense of \$87,537.

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:

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

- 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.
- 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 \$4,613,803 of fund balances in the General Fund, \$46,800 of encumbrances is assigned to other purposes, \$4,964 has been assigned and designated for subsequent year's expenditures, \$460,826 has been classified as restricted fund balance designated for subsequent years expenditures – prior year excess surplus, \$2,082,410 has been classified as restricted for maintenance reserve and capital reserve in the amounts of \$682,410 and \$1,400,000, respectively, \$771,788 has been restricted for excess surplus – current year and \$1,247,015 is classified as unassigned. Of the fund balance in the Capital Projects Fund, \$379,554 is restricted for capital

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

projects. All of the fund balance in the debt service fund in the amount of \$114,655 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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. (See Note 10).

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 \$3,754,192 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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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.

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, 2020 was \$1,232,614. Of this amount, \$460,826 has been appropriated in the 2020/21 budget and remaining \$771,788 is required to be appropriated in the 2021/22 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, 2020, none were deemed material to the Manchester Township School District and therefore further disclosure is not required.

S. Recently Issued Accounting Pronouncements to be Implemented in Future Years

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2020 through January 22, 2021, 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 \$809,500 subsequent to year end on August 27, 2020 with TD Equipment Finance, Inc. The capital lease agreement is for school buses and textbooks. The District will acquire this aforementioned equipment upon completion of the rental payments, which will commence on October 15, 2020 and terminate on October 15, 2028. The rental payments will range from \$58,260 to \$140,155 over the life of the lease at an interest rate of 1.65%.

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 \$26,526,594 difference are as follows:

Bonds payable	\$	19,295,000
Premium on bonds		1,179,049
Capital leases payable		1,919,956
Discount on bonds		(36,034)
Compensated absences		4,168,623
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>26,526,594</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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 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:

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Cash and Equivalents (continued)

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

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

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

Operating cash accounts are held in the District's name by one institution. At June 30, 2020 the carrying amount of the District's deposits was \$4,819,640 and the bank balance was \$6,855,759.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2020 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$4,102,595. \$2,503,164 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Cash and Equivalents (continued)

- 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.

As of June 30, 2020, the District's investment balances of \$31,008 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, 2020:

- Solar Renewable Energy Credits in the amount of \$31,008 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, 2020, the District's balance was \$1,204,751. 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Cash and Equivalents (continued)

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.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2020, 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 schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2020:

	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	1,627,335		(406,517)	1,220,818
Capital assets, being depreciated:				
Buildings and building improvements	78,485,529		406,517	78,892,046
Machinery, equipment and vehicles	20,463,106	\$ 834,661	(346,500)	20,951,267
Total capital assets being depreciated	98,948,635	834,661	60,017	99,843,313
Less accumulated depreciation for:				
Buildings and building improvements	35,935,094	2,014,937		37,950,031
Machinery, equipment and vehicles	17,375,260	557,087	(257,146)	17,675,201
Total accumulated depreciation	53,310,354	2,572,024	(257,146)	55,625,232
Total capital assets, being depreciated, net	45,638,281	(1,737,363)	317,163	44,218,081
Governmental activities capital assets, net	<u>\$ 47,265,616</u>	<u>\$ (1,737,363)</u>	<u>\$ (89,354)</u>	<u>\$ 45,438,899</u>

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

Instruction	\$ 1,088,529
General administration	1,483,495
Total depreciation expense - governmental activities	<u>\$ 2,572,024</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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, 2020:

	Beginning Balance	Increases	Ending Balance
Business-type Activities:			
Capital assests, being depreciated:			
Equipment and vehicles	\$ 3,282,277	\$ 15,231	\$ 3,297,508
Less accumulated depreciation for:			
Equipment and vehicles	3,137,438	56,941	3,194,379
Total business-type activities capital assets, net	<u>\$ 144,839</u>	<u>\$ (41,710)</u>	<u>\$ 103,129</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, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 3,781,882	\$ 592,944	\$ 206,203	\$ 4,168,623	\$ 150,000
Bonds payable	21,950,000	4,680,000	7,335,000	19,295,000	2,180,000
Premium on bonds	709,286	579,815	110,052	1,179,049	139,043
Discount on bonds	(40,683)		(4,649)	(36,034)	(4,649)
Obligations under capital leases	1,312,546	1,150,000	542,590	1,919,956	496,957
Subtotal	<u>27,713,031</u>	<u>7,002,759</u>	<u>8,189,196</u>	<u>26,526,594</u>	<u>2,961,351</u>
Net pension liability	19,833,578		1,279,572	18,554,006	
Governmental activity long-term liabilities	<u>\$ 47,546,609</u>	<u>\$ 7,002,759</u>	<u>\$ 9,468,768</u>	<u>\$ 45,080,600</u>	<u>\$ 2,961,351</u>
Business-type activities:					
Net pension liability	\$ 2,723,668		\$ 178,736	\$ 2,544,932	
	<u>\$ 2,723,668</u>		<u>\$ 178,736</u>	<u>\$ 2,544,932</u>	

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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. All of the outstanding callable principal in the amount of \$5,150,000 were refunded by the proceeds of the 2020 refunding bonds mentioned below.

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 remaining principal payments and annual interest rates ranging from \$820,000 to \$1,095,000 and 3.00% to 5.00%, respectively as of June 30, 2020.

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 remaining principal payments and annual interest rates ranging from \$575,000 to \$750,000 and 2.25% to 3.00%, respectively as of June 30, 2020.

In January 2020, the District issued \$4,680,000 of refunding bonds to provide resources to refund all callable principal of the District's Series 2011 Bonds. As a result, \$5,150,000 of refunded bonds are considered defeased and the liability has been removed from the basic financial statements. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$596,550 and resulted in a net present value benefit of \$548,266. As of June 30, 2020, \$5,150,000 of the defeased debt remains outstanding. The difference between the reacquisition price of the defeased debt of \$5,159,038 and the net carrying amount of the old bonds of \$5,150,000 is being amortized over the remaining life of the defeased debt. The 2020 refunding bonds are due to mature annually through the 2030 fiscal year at remaining principal payments and annual interest rates ranging from \$445,000 to \$510,000 and 3.00% to 4.00%, respectively as of June 30, 2020.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2021	\$ 2,180,000	\$ 651,718	\$ 2,831,718
2022	2,205,000	574,206	2,779,206
2023	2,220,000	496,131	2,716,131
2024	2,200,000	409,844	2,609,844
2025	2,205,000	328,369	2,533,369
2026-2030	8,285,000	710,766	8,995,766
	<u>\$ 19,295,000</u>	<u>\$ 3,171,034</u>	<u>\$ 22,466,034</u>

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

Bonds Payable

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, 2020:

<u>Fiscal Year</u>	<u>Amounts</u>
Year ending June 30:	
2021	\$ 536,174
2022	536,273
2023	368,324
2024	232,870
2025	188,127
2026-2027	170,513
	<u>2,032,281</u>
Less amount representing interest	<u>(112,325)</u>
Present value of net future minimum lease payments	<u>\$ 1,919,956</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

See page 109 for additional information regarding the District's capital leases. The assets acquired through capital leases at June 30, 2020:

	<u>Governmental Activities</u>
Asset:	
Machinery, equipment and vehicles	\$ 3,501,813
Less accumulated depreciation	<u>(1,981,235)</u>
Total	<u>\$ 1,520,578</u>

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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

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 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. Pursuant to P.L. 2011, c.78 (Chapter 78), the Pension and Health Benefit Reform, the PERS and TPAF employees' pension contribution rates have increased 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, 2020, the State of New Jersey contributed \$6,826,642 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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

District \$1,783,354 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The reimbursement was made to the general fund and regional day school enterprise fund in the amount of \$1,627,383 and \$155,971, respectively. These amounts have been included as both revenues and expenditures in the government-wide and fund financial statements. The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2020, 2019, and 2018 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, 2020, the District reported a liability of \$21,098,938 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.1170960866 percent, which was an increase of 0.0025312487% from its proportion measured as of June 30, 2018.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

For the year ended June 30, 2020, the District recognized full accrual pension expense of \$1,693,920 in the government-wide financial statements. At June 30, 2020, 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	\$ 2,106,806	\$ 7,323,375
Net difference between projected and actual earnings on pension plan investments		333,055
Changes in proportion	1,620,948	129,289
Difference between expected and actual experience	378,697	93,206
District contributions subsequent to the measurement date	1,247,581	
	<u>\$ 5,354,032</u>	<u>\$ 7,878,925</u>

\$1,247,581 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:	
2021	\$ (35,568)
2022	(1,538,729)
2023	(1,496,767)
2024	(634,363)
2025	(67,047)
	<u>\$ (3,772,474)</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Inflation rate:	<u>June 30, 2019</u>
Price	2.75%
Wage	3.25%
Salary increases	
Through - 2026	2.00 - 6.00% based on years of service
Thereafter	3.00 - 7.00% based on years of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

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 arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

projected benefit payments through 2057 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 collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the net pension liability	\$ 26,651,387	\$ 21,098,938	\$ 16,420,213

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.

Additional Information

Collective balances of the local group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 3,149,522,616
Deferred inflows of resources	7,645,087,574
Net pension liability	18,143,832,135
District's proportion	0.1170960866%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$974,471,686.

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, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Special Funding Situation - 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, 2019 was 139,505,318. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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 associated with all participating school districts, actuarially determined. At June 30, 2019, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2273149298 percent, which was an increase of 0.0055951836% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$8,228,397 for contributions incurred by the State.

Actuarial assumptions

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) 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 TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.86%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 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, 2019 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's proportionate share of the District's net pension liability	\$ 164,507,647	\$ 139,505,318	\$ 118,761,280

Pension plan fiduciary net position

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

Additional Information

Collective balances of the local group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 10,129,162,237
Deferred inflows of resources	17,736,240,054
Net pension liability	61,519,112,443
District's proportion	0.2273149298%

Collective pension expense for the plan for the measurement period ended June 30, 2019 is \$3,628,861,805.

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, 2019, 2018, 2017, 2016, 2015 and 2014 is 8.04, 8.29, 8.30, 8.30, 8.30 and 8.50 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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

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 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, 2020, 2019, and 2018 were \$1,846,185, \$2,070,368, and \$2,160,068, 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

Total OPEB Liability

The nonemployer OPEB liability from New Jersey’s plan is \$41,729,081,045.

The following members were covered by the benefit terms:

Local Education	June 30, 2019
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	364,943

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, 2019 was \$116,413,621, 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, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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:

Inflation rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05%	2.00 - 6.00%
	based on years of service	based on years of service
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on years of service	based on years of service

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

Actuarial Assumptions and Other Inputs

Preretirement mortality rates were based on the Pub-2010 Headcount-Weighted Healthy Employee Male/Female mortality improvement projections from the central year using the MP-2019 scale. Postretirement mortality rates were based in the Pub-2010 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2019 scale. Disability mortality was based on the MP-2019 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvements projections from the central year using the MP-2019 scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 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 medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

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, 2019	\$ 130,117,964
Increased by:	
Service cost	4,604,429
Interest cost	5,147,295
Changes of assumptions	1,735,737
Member contributions	105,930
	<u>141,711,355</u>
Decreased by:	
Differences between expected and actual experience	21,724,183
Benefit payments	3,573,551
	<u>25,297,734</u>
Balance at June 30, 2020	<u><u>\$ 116,413,621</u></u>

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2019 was \$150,407 and \$55,051,795, 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 (2.50%)	At Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 137,530,490	\$ 116,413,621	\$ 99,639,538

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)	\$ 95,919,635	\$ 116,413,621	\$ 143,543,450

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

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

For the year ended June 30, 2020, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$2,348,464 for OPEB expenses incurred by the State. Collective balances of the Education Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 1,921,145,183
Deferred inflows of resources	\$ 20,887,639,826
Collective OPEB expense	\$ 1,015,664,874

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2020 amounted to \$70,266 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 69,296	
Capital Projects Fund		\$ 970
Debt Service Fund	970	
Internal Service Fund		69,296
	\$ 70,266	\$ 70,266

The interfund payable in the Internal Service Fund in the amount of \$69,296 represents short-term loans from the General Fund at June 30, 2020. The interfund payable in the capital projects fund resulted from interest earned and due to the debt service fund to pay future debt service payments. 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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 collectability of any related receivable at June 30, 2020 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.

Infectious Disease Outbreak – COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “*Pandemic*”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020 the Secretary of the United States Department of Health and Human Services declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020 and has since issued multiple Executive Orders regarding the Pandemic. The District expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic has negatively affected travel, commerce and financial markets globally, and is widely expected to continue to negatively affecting economic growth and financial markets worldwide.

The District cannot reasonably predict how long the Pandemic in New Jersey is expected to last, how the outbreak may impact the financial condition or operations of the District, any unexpected deferrals of tax payments, and/or state or federal aid to the District or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the District.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

13. Maintenance Reserve Account (continued)

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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$	372,410
Deposit:		
Approved by June 2020 board resolution		500,000
Decrease		
Withdrawal approved by board resolution		190,000
Ending Balance, June 30, 2020	<u>\$</u>	<u>682,410</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, 2020.

14. 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 election 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

14. Capital Reserve Account (continued)

Beginning balance, July 1, 2019	\$	700,000
Deposit:		
Approved by June 2020 board resolution		700,000
Ending Balance, June 30, 2020	<u>\$</u>	<u>1,400,000</u>

The June 30, 2020 LRFPP balance of local support costs of uncompleted projects exceeds the amount set aside in capital reserve.

15. Commitments

The District has contractual commitments at June 30, 2020 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$46,800.

16. Transfers

The following presents a reconciliation of transfers during the 2020 fiscal year:

	<u>In</u>	<u>Out</u>
General Fund	\$ 450	
Capital Projects Fund		\$ 450
	<u>\$ 450</u>	<u>\$ 450</u>

The transfer from the capital projects fund to the general fund represents a closure of an old bank account with a remaining balance of \$450.

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 Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years

	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	Year Ended June 30, 2020
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	0.0969028258%	0.1028722510%	0.1036174300%	0.1116781800%	0.1103678221%	0.1145648379%	0.1170960866%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	\$ 18,520,055	\$ 19,260,499	\$ 23,260,037	\$ 33,075,874	\$ 25,691,865	\$ 22,557,246	\$ 21,098,938
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
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	279.71%	275.77%	312.83%	448.72%	329.81%	274.43%	258.40%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	N/A	48.72%	48.62%	47.93%	40.14%	48.10%	53.60%	56.27%

N/A - Not Available

See Note to Required Supplementary Information

Manchester Township School District
Schedule of District Contributions
Public Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years

	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	Year Ended June 30, 2020
Contractually required contribution	\$ 735,431	\$ 769,696	\$ 783,546	\$ 730,143	\$ 848,064	\$ 890,832	\$ 992,133	\$ 1,022,440	\$ 1,139,006	\$ 1,247,581
Contributions in relation to the contractually required contribution	(735,431)	(769,696)	(783,546)	(730,143)	(848,064)	(890,832)	(992,133)	(1,022,440)	(1,139,006)	(1,247,581)
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	\$ 6,763,745	\$ 6,573,606	\$ 6,621,053	\$ 6,984,188	\$ 7,435,341	\$ 7,371,084	\$ 7,789,867	\$ 8,219,717	\$ 8,165,284	\$ 8,374,916
Contributions as a percentage of covered-employee payroll	10.87%	11.71%	11.83%	10.45%	11.41%	12.09%	12.74%	12.44%	13.95%	14.90%

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
Required Supplementary Information
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	Year Ended June 30, 2020
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%	0.2273149298%
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	\$ 139,505,318
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>	<u>\$ 139,505,318</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

* 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 and
Changes in the OPEB Liability and Related Ratios

State Health Benefit Local Education Retired Employees Plan
Required Supplementary Information
Last Ten Fiscal Years*

	Year Ended June 30, 2020	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%	0.28%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	\$ 116,413,621	\$ 130,117,964	\$ 151,193,397
Total proportionate share of the OPEB liability associated with the District	<u>\$ -</u> <u>\$ 116,413,621</u>	<u>-</u> <u>\$ 130,117,964</u>	<u>-</u> <u>\$ 151,193,397</u>
Beginning Balance	\$ 130,117,964	\$ 151,193,397	\$ 163,661,392
Increased by:			
Service cost	4,604,429	5,187,247	6,248,357
Interest cost	5,147,295	5,538,829	4,794,700
Changes of assumptions	1,735,737		
Member Contributions	105,930	120,250	128,951
	<u>141,711,355</u>	<u>162,039,723</u>	<u>174,833,400</u>
Decreased by:			
Differences between expected and actual experiences	21,724,183	13,510,763	
Changes of assumptions		14,931,688	20,138,043
Gross benefit payments	3,573,551	3,479,308	3,501,960
	<u>25,297,734</u>	<u>31,921,759</u>	<u>23,640,003</u>
Ending Balance	<u>\$ 116,413,621</u>	<u>\$ 130,117,964</u>	<u>\$ 151,193,397</u>
Covered by employee payroll	\$ 32,895,329	\$ 31,860,299	\$ 32,227,033
Total OPEB liability as a percentage of covered employee payroll.	353.89%	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, 2020**

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019.

**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 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

Required Supplementary Information – Part III

Budgetary Comparison Schedule
(Budgetary Basis)

Manchester Township School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 46,167,969		\$ 46,167,969	\$ 46,167,969	
Tuition	2,281,979		2,281,979	2,276,779	\$ (5,200)
Interest Income				31,997	31,997
Interest earned on maintenance reserve	50		50		
Interest earned on capital reserve funds	100		100		
Miscellaneous	45,000		45,000	101,893	56,893
Total revenues - local sources	48,495,098	-	48,495,098	48,578,638	83,540
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	1,055,427		1,055,427	1,055,427	
Categorical Transportation Aid	1,989,096		1,989,096	1,989,096	
Extraordinary Aid	385,000		385,000	1,037,761	652,761
On-behalf TPAF pension contributions (non-budgeted)				4,976,484	4,976,484
On-behalf TPAF post-retirement medical contributions (non-budgeted)				1,846,185	1,846,185
On-behalf TPAF long-term disability ins contributions (non-budgeted)				3,973	3,973
Reimbursed TPAF social security contributions (non-budgeted)				1,627,383	1,627,383
Total - state sources	5,759,263	-	5,759,263	14,866,049	9,106,786
Federal sources:					
Medical Assistance Program	128,649		128,649	128,649	
Total - federal sources	128,649	-	128,649	128,649	-
Total revenues	54,383,010	-	54,383,010	63,573,336	9,190,326
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	627,633	\$ 31,770	659,403	648,767	10,636
Grades 1-5	5,821,085	(547,043)	5,274,042	5,187,593	86,449
Grades 6-8	3,533,667	(107,440)	3,426,227	3,411,550	14,677
Grades 9-12	5,164,735	(124,250)	5,040,485	4,969,444	71,041
	15,147,120	(746,963)	14,400,157	14,217,354	182,803
Home instruction:					
Salaries of teachers:	100,000	(39,561)	60,439	41,064	19,375
Purchased professional educational services	30,000	(12,128)	17,872	14,328	3,544
Other purchased services	600	150	750	367	383
	130,600	(51,539)	79,061	55,759	23,302
Undistributed instruction-regular programs					
Unused vacation payment to terminated/retired staff					
		60,205	60,205	59,978	227
Other purchased services	12,500	1,861	14,361	12,010	2,351
General supplies	409,294	309,146	718,440	702,496	15,944
Textbooks	129,415	11,700	141,115	138,051	3,064
Other objects	103,500	155	103,655	89,520	14,135
	654,709	383,067	1,037,776	1,002,055	35,721
Total instruction - regular programs	15,932,429	(415,435)	15,516,994	15,275,168	241,826

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	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	\$ 141,542	\$ 41,905	\$ 183,447	\$ 178,715	\$ 4,732
Other salaries for instruction	205,251	(43,750)	161,501	157,282	4,219
General supplies	2,520	600	3,120	2,348	772
Other objects	1,600		1,600	788	812
Total preschool disabilities - part-time	350,913	(1,245)	349,668	339,133	10,535
Learning and/or language disabilities:					
Salaries of teachers	321,406	35,021	356,427	345,550	10,877
Other salaries for instruction	1,399,100	188,753	1,587,853	1,563,462	24,391
Unused vacation payment to terminated/retired staff		6,162	6,162	6,162	
General supplies	6,420		6,420	4,527	1,893
Textbooks	950		950	323	627
Total learning and/or language disabilities	1,727,876	229,936	1,957,812	1,920,024	37,788
Multiple disabilities:					
Salaries of teachers	225,399	(3,884)	221,515	216,385	5,130
Other salaries for instruction	242,302	30,669	272,971	269,196	3,775
Unused vacation payment to terminated/retired staff		15,289	15,289	15,289	
General supplies	3,000		3,000	2,200	800
Other objects	200		200		200
Total multiple disabilities	470,901	42,074	512,975	503,070	9,905
Autism					
Salaries of teachers	291,514	(3,045)	288,469	277,601	10,868
Other Salaries for Instruction	255,247	9,355	264,602	259,765	4,837
General supplies	7,250		7,250	4,179	3,071
	554,011	6,310	560,321	541,545	18,776
Resource room/center:					
Salaries of teachers	2,165,797	380,290	2,546,087	2,522,379	23,708
General supplies	8,155		8,155	5,266	2,889
Textbooks	1,900		1,900	900	1,000
Total resource room/center	2,175,852	380,290	2,556,142	2,528,545	27,597
Total special education	5,279,553	657,365	5,936,918	5,832,317	104,601

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Bilingual education:					
Salaries of teachers	\$ 213,720	\$ (50,000)	\$ 163,720	\$ 163,188	\$ 532
General supplies	750		750		750
Other objects	250		250	118	132
Total bilingual education	214,720	(50,000)	164,720	163,306	1,414
School - sponsored cocurricular activities:					
Salaries	233,500	(18,739)	214,761	173,155	41,606
Supplies and materials	4,000	3,365	7,365	5,675	1,690
Other objects	10,400	3,374	13,774	11,318	2,456
Total school - sponsored cocurricular activities	247,900	(12,000)	235,900	190,148	45,752
School - sponsored athletics - instruction:					
Salaries	550,000	2,000	552,000	544,611	7,389
Purchased services	15,000		15,000	13,500	1,500
Supplies and materials	80,000	2,462	82,462	78,722	3,740
Other objects	93,250		93,250	81,819	11,431
Total school - sponsored athletics - instruction	738,250	4,462	742,712	718,652	24,060
Other instructional programs:					
Salaries	216,950	3,254	220,204	208,181	12,023
Unused vacation payment to terminated/retired staff		2,190	2,190	2,190	
Total other instructional programs	216,950	5,444	222,394	210,371	12,023
Total instruction	22,629,802	189,836	22,819,638	22,389,962	429,676

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	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	\$ 192,905	\$ (43,562)	\$ 149,343	\$ 149,343	
Tuition to other LEAs within the state-regular		96,927	96,927	96,860	\$ 67
Tuition to County Voc. School Dist.- Regular	165,000	23,529	188,529	184,275	4,254
Tuition to CSSD and regional day schools	1,026,000	204,459	1,230,459	1,224,535	5,924
Tuition to private school for the handicapped - within state	1,210,295	23,103	1,233,398	1,225,844	7,554
Tuition - state facilities	57,943		57,943	57,943	
Tuition - other	25,900		25,900	25,900	
Total undistributed instruction-tuition	2,678,043	304,456	2,982,499	2,964,700	17,799
Attendance and social work services:					
Salaries	31,539	(141)	31,398	31,297	101
Other objects	17,500		17,500	17,246	254
Total attendance and social work service	49,039	(141)	48,898	48,543	355
Health services:					
Salaries	459,702	(7,450)	452,252	448,883	3,369
Purchased professional and technical services	30,850	7,220	38,070	31,898	6,172
Other purchased services	8,000	(8,000)			
Supplies and materials	13,600	8,180	21,780	20,256	1,524
Total health services	512,152	(50)	512,102	501,037	11,065
Other support services - students - Speech,OT,PT, & Related Services:					
Salaries	470,463	122	470,585	468,907	1,678
Supplies and materials	2,450	98	2,548	2,008	540
Total other support services - students - related services	472,913	220	473,133	470,915	2,218
Other support services - students - extra services:					
Salaries	30,600	(8,336)	22,264	22,209	55
Purchased professional educational services	3,482	618	4,100	4,100	
Supplies and materials	2,475		2,475	2,139	336
Other objects	450		450	450	
Total other support services - students - extra services	37,007	(7,718)	29,289	28,898	391

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	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	\$ 879,114	\$ (30,000)	\$ 849,114	\$ 839,145	\$ 9,969
Salaries of secretarial and clerical assts.	119,248	13	119,261	119,261	
Other objects	5,499		5,499	2,671	2,828
Total guidance	1,003,861	(29,987)	973,874	961,077	12,797
Child Study Teams:					
Salaries of other professional staff	1,080,452	(15,162)	1,065,290	1,058,950	6,340
Salaries of secretarial and clerical assts.	133,872	991	134,863	134,863	
Unused vacation payment to terminated/retired staff		5,955	5,955	5,955	
Purchased professional - educational services	297,862	(135,521)	162,341	116,318	46,023
Other purchased services	8,000	(8,000)			
Miscellaneous purchased services		6,918	6,918	4,845	2,073
Supplies and materials	3,780		3,780	3,780	
Other objects	25,650	1,282	26,932	24,870	2,062
Total child study teams	1,549,616	(143,537)	1,406,079	1,349,581	56,498
Improvement of instructional services:					
Salaries of supervisors of instruction	459,564	1,642	461,206	461,159	47
Salaries of other professional staff	307,312		307,312	307,312	
Salaries of secretarial and clerical assts	90,426	1,436	91,862	91,862	
Supplies and materials	15,000	3,382	18,382	18,382	
Other objects	21,400		21,400	17,742	3,658
Total improvement of instructional services	893,702	6,460	900,162	896,457	3,705
Educational media services/ school library:					
Salaries	349,810	4,801	354,611	349,777	4,834
Supplies and materials	33,635	(361)	33,274	28,675	4,599
Total educational media services/ school library	383,445	4,440	387,885	378,452	9,433

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	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	\$ 10,000	\$ 1,063	\$ 11,063	\$ 11,063	
Other purchased services	1,000		1,000	202	\$ 798
Other objects	79,000	(12,655)	66,345	56,634	9,711
Total instructional staff training services	90,000	(11,592)	78,408	67,899	10,509
Support services-general administration:					
Salaries	234,918	(1)	234,917	233,520	1,397
Purchased professional services	118,500	(27,843)	90,657	71,603	19,054
Other purchased professional services	18,000	44,000	62,000	21,804	40,196
Communications/telephone	60,714	35,440	96,154	90,331	5,823
BOE other purchased services	36,790	(1,583)	35,207	26,471	8,736
Other purchased services	87,000	(7,225)	79,775	79,020	755
BOE membership dues and fees	25,000	1,803	26,803	26,502	301
Miscellaneous expenditures	26,000	(6,000)	20,000	16,841	3,159
Total support services-general administration	606,922	38,591	645,513	566,092	79,421
Support services-school administration:					
Salaries of principals/assistant principals	1,228,275	2,288	1,230,563	1,229,963	600
Salaries of secretarial and clerical assistants	751,914	(3,607)	748,307	739,868	8,439
Unused vacation payment to terminated/retired staff		39,297	39,297	39,297	
Total support services-school administration	1,980,189	37,978	2,018,167	2,009,128	9,039
Undistributed expenditures-Central services:					
Salaries	476,144	(14,616)	461,528	456,431	5,097
Miscellaneous purchased services	13,500	(500)	13,000	8,348	4,652
Miscellaneous expenditures	85,000	9,895	94,895	93,808	1,087
Total undistributed expenditures-central services	574,644	(5,221)	569,423	558,587	10,836
Undistributed expenditures-Admin. info tech.:					
Salaries	266,437		266,437	266,323	114
Miscellaneous purchased services	87,500	(46,500)	41,000	40,110	890
Supplies and materials	50,000	15,505	65,505	60,598	4,907
Other Objects	9,000	4,750	13,750	13,750	
Total undistributed expenditures-admin. info. technology	412,937	(26,245)	386,692	380,781	5,911
Required maintenance for school facilities:					
Salaries	181,329	(9,114)	172,215	168,636	3,579
Cleaning, repair and maintenance services	537,859	461,780	999,639	982,452	17,187
General supplies	11,000		11,000	7,440	3,560
Total required maintenance for school facilities	730,188	452,666	1,182,854	1,158,528	24,326

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Operations and maintenance of plant services:					
Custodial Services					
Salaries	\$ 1,454,322	\$ (74,815)	\$ 1,379,507	\$ 1,370,699	\$ 8,808
Unused vacation payment to retirees		38,589	38,589	35,195	3,394
Cleaning, repair and maintenance services	337,429	(69,221)	268,208	237,745	30,463
Other purchased property services	145,000		145,000	130,154	14,846
Insurance	615,000	(18,290)	596,710	596,710	
General supplies	134,000	13,334	147,334	145,838	1,496
Energy (Electricity)	692,500	(39,082)	653,418	567,095	86,323
Energy (Natural Gas)	128,750	1,504	130,254	113,665	16,589
Energy (Oil)	11,000	2,582	13,582	13,568	14
Other objects	114,900	11,477	126,377	115,109	11,268
Total custodial services	3,632,901	(133,922)	3,498,979	3,325,778	173,201
Care and Upkeep of Grounds:					
Salaries	229,556	211	229,767	217,953	11,814
Unused vacation payment to retirees		1,665	1,665	1,665	
General Supplies	52,270	361	52,631	48,413	4,218
Total care and upkeep of grounds	281,826	2,237	284,063	268,031	16,032
Security:					
Salaries	99,691	5,247	104,938	104,924	14
Purchased professional and technical	53,500	(40,000)	13,500	13,500	
General supplies		65,128	65,128	65,087	41
Total security	153,191	30,375	183,566	183,511	55
Total operation and maintenance of plant services and required maintenance					
	4,798,106	351,356	5,149,462	4,935,848	213,614
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - regular	1,354,154	6,051	1,360,205	1,318,836	41,369
Between home and school - special	366,508	18,266	384,774	377,316	7,458
Other than between home and school-	443,558	(21,208)	422,350	395,310	27,040
Unused vacation payment to terminated/retired		9,495	9,495	9,495	
Lease purchase payments-buses	388,493	5,051	393,544	393,544	
Contracted services:					
Aid in lieu	45,000	(6,000)	39,000	37,289	1,711
Special ed. Vendors	855,000		855,000	688,216	166,784
General supplies	242,000		242,000	157,745	84,255
Miscellaneous purchased services	61,845	10,682	72,527	66,645	5,882
Transportation supplies	170,000	(20,000)	150,000	115,061	34,939
Other objects	48,800	3,000	51,800	27,789	24,011
Total student transportation services	3,975,358	5,337	3,980,695	3,587,246	393,449
Unallocated benefits:					
Social security contributions	860,000	(27,898)	832,102	821,290	10,812
Other retirement contributions-regular	1,119,774	(96,378)	1,023,396	1,022,944	452
Health benefits	9,634,041	(391,736)	9,242,305	9,049,864	192,441
Tuition reimbursement	90,095	(25,491)	64,604	62,206	2,398
Total unallocated benefits	11,703,910	(541,503)	11,162,407	10,956,304	206,103

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	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)				\$ 4,976,484	\$ (4,976,484)
On-behalf TPAF post-retirement contributions (non-budgeted)				1,846,185	(1,846,185)
On-behalf TPAF long-term disability ins contributions (non-budgeted)				3,973	(3,973)
Reimbursed TPAF social security contributions (non-budgeted)				1,627,383	(1,627,383)
Interest deposit to maintenance reserve	\$ 50		\$ 50		50
Total undistributed expenditures	31,721,894	\$ (17,156)	31,704,738	39,115,570	(7,410,832)
Total expenditures - current	54,351,696	172,680	54,524,376	61,505,532	(6,981,156)
Capital outlay:					
Equipment:					
Undistributed expenditures:					
Support services - students-spec.	1,700		1,700		1,700
Admin Info Tech.	40,000	(12,349)	27,651	27,651	
Maintenance of School Facilities	25,000	42,000	67,000	66,131	869
Non-instructional equipment	26,415	(1,641)	24,774	23,875	899
Non-instructional services	72,420	(909)	71,511	62,936	8,575
Total equipment	165,535	27,101	192,636	180,593	12,043
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	
Assets acquired under capital leases (non-budgeted)					
				1,150,000	(1,150,000)
				1,150,000	(1,150,000)
Interest deposit to capital reserve	100		100		100
Total expenditures - capital outlay	331,268	27,101	358,369	1,496,226	12,143

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures (continued)					
Total expenditures	\$ 54,682,964	\$ 199,781	\$ 54,882,745	\$ 63,001,758	\$ (6,969,013)
(Deficiency) excess of revenues (under) over expenditures	(299,954)	(199,781)	(499,735)	571,578	2,221,313
Other financing sources:					
Transfers in				450	450
Capital leases (non-budgeted)				1,150,000	1,150,000
Total other financing sources				1,150,450	1,150,450
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(299,954)	(199,781)	(499,735)	1,722,028	3,371,763
Fund balances, July 1	3,365,476		3,365,476	3,365,476	
Fund balances, June 30	<u>\$ 3,065,522</u>	<u>\$ (199,781)</u>	<u>\$ 2,865,741</u>	<u>\$ 5,087,504</u>	<u>\$ 3,371,763</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures					
Budgeted fund balance	\$ (299,954)		\$ (299,954)	\$ 1,921,809	\$ 3,371,763
Withdrawal maintenance reserve		\$ (190,000)	(190,000)	(190,000)	
Adjustment for prior year encumbrances		(9,781)	(9,781)	(9,781)	
Total	<u>\$ (299,954)</u>	<u>\$ (199,781)</u>	<u>\$ (499,735)</u>	<u>\$ 1,722,028</u>	<u>\$ 3,371,763</u>

Recapitulation of fund balance:

Assigned to:

 Year end encumbrances \$ 46,800
 Designated for subsequent years expenditures 4,964

Restricted for:

 Excess surplus-current year 771,788
 Designated for subsequent years expenditures -
 prior year excess surplus 460,826
 Maintenance Reserve 682,410
 Capital Reserve 1,400,000
Unassigned fund balance 1,720,716

5,087,504

Reconciliation to Government Funds Statements

GAAP:

 Last two state aid payments not recognized on
 GAAP basis (504,709)

 Solar Renewable Energy Credits (SREC) Income 31,008

Fund balance per Government Funds (GAAP) \$ 4,613,803

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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Federal sources	\$ 1,261,699	\$ 207,815	\$ 1,469,514	\$ 1,469,514	
Local sources		65,836	65,836	60,301	\$ (5,535)
Total revenues	<u>1,261,699</u>	<u>273,651</u>	<u>1,535,350</u>	<u>1,529,815</u>	<u>(5,535)</u>
Expenditures:					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	301,750	36,750	338,500	338,500	
Other salaries for instruction	160,604	(1,457)	159,147	159,147	
Tuition	628,205	113,971	742,176	742,176	
Supplies and materials	17,892	70,894	88,786	83,251	5,535
Total instruction	<u>1,108,451</u>	<u>220,158</u>	<u>1,328,609</u>	<u>1,323,074</u>	<u>5,535</u>
Support services:					
Salaries - professional staff	7,151	(4,091)	3,060	3,060	
Personal services-employee benefits	106,376	34,141	140,517	140,517	
Purchased professional services	39,721	18,903	58,624	58,624	
General supplies		4,540	4,540	4,540	
Total support services	<u>153,248</u>	<u>53,493</u>	<u>206,741</u>	<u>206,741</u>	<u>-</u>
Total expenditures	<u>1,261,699</u>	<u>273,651</u>	<u>1,535,350</u>	<u>1,529,815</u>	<u>5,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note to Required Supplementary Information

Manchester Township School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2020

	General Fund	Special Revenue Fund
Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures		
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 63,573,336	\$ 1,529,815
State aid payments recognized for GAAP statements in the current year, not previously recognized	(504,709)	
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).	510,269	
Prior year adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accrual basis.	(2,736)	
Current year adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accrual basis.	31,008	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	\$ 63,607,168	\$ 1,529,815
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 63,001,758	\$ 1,529,815
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 63,001,758	\$ 1,529,815

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, 2020

	Title I	I.D.E.A.		Title II	Title IV		Stem Grant	NJSIG Security Grant	MTEF Grant	Other Local Grants	Totals
		Part B Regular	Part B Preschool	Part A	Part A						
Revenues:											
Federal sources	\$ 580,164	\$ 708,558	\$ 33,618	\$ 98,973	\$ 36,201	\$ 12,000					\$ 1,469,514
Local sources							\$ 44,823	\$ 1,726	\$ 13,752		60,301
Total revenues	\$ 580,164	\$ 708,558	\$ 33,618	\$ 98,973	\$ 36,201	\$ 12,000	\$ 44,823	\$ 1,726	\$ 13,752		\$ 1,529,815
Expenditures:											
Current expenditures:											
Instruction:											
Salaries:											
Salaries of teachers	\$ 282,500			\$ 56,000							\$ 338,500
Other salaries for instruction	159,147										159,147
Tuition		\$ 708,558	\$ 33,618								742,176
Supplies and materials	6,000				\$ 4,950	\$ 12,000	\$ 44,823	\$ 1,726	\$ 13,752		83,251
Total instruction	447,647	708,558	33,618	56,000	4,950	12,000	44,823	1,726	13,752		1,323,074
Support services:											
Salaries - professional staff	3,060										3,060
Personal services - employee benefits	120,917			19,600							140,517
Purchased professional services	4,000			23,373	31,251						58,624
General supplies	4,540										4,540
Total support services	132,517	-	-	42,973	31,251	-	-	-	-	-	206,741
Total expenditures	\$ 580,164	\$ 708,558	\$ 33,618	\$ 98,973	\$ 36,201	\$ 12,000	\$ 44,823	\$ 1,726	\$ 13,752		\$ 1,529,815

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, 2020

	Current Year
Revenues and Other Financing Sources	
Revenue from Other Sources	\$ -
Total Revenues and Other Financing Sources	-
Expenditures and Other Financing Uses	
Transferred out	450
Construction Services	26,981
Total Expenditures and Other Financing Uses	27,431
 (Deficiency) of Revenues (Under) Expenditures	 (27,431)
Fund Balance, July 1	406,985
Fund Balance, June 30	\$ 379,554
<u>Reconciliation of budgetary basis to GAAP basis:</u>	
Fund Balance, Budgetary Basis	\$ 379,554
Less: Revenue not recognized on a GAAP basis	
Fund Balance - June 30, 2020 GAAP Basis	\$ 379,554

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, 2020

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 5,641,535	\$ (450)	\$ 5,641,085	\$ 5,641,085
Bond Sale Proceeds	9,605,000		9,605,000	9,605,000
Total Revenues	<u>15,246,535</u>	<u>(450)</u>	<u>15,246,085</u>	<u>15,246,085</u>
Expenditures and Other Financing				
Purchased Professional Services	1,199,583		1,199,583	
Construction Services	13,639,967	26,981	13,666,948	
Total Expenditures	<u>14,839,550</u>	<u>26,981</u>	<u>14,866,531</u>	-
Excess (Deficiency) of Revenues (Under) Expenditures	<u>\$ 406,985</u>	<u>\$ (27,431)</u>	<u>\$ 379,554</u>	<u>\$ 15,246,085</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, 2020

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 825,604		\$ 825,604	\$ 825,604
Bond Sale Proceeds	1,433,665		1,433,665	1,433,665
Total Revenues	<u>2,259,269</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>2,089,583</u>	-
Excess (Deficiency) of Revenues (Under) Expenditures	<u>\$ 169,686</u>	<u>\$ -</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	\$ 2,269,507			
Additional Authorized Cost	(10,238)			
Revised Authorized Cost	2,259,269			
Percentage Increase over Original				
Authorized Cost	-0.45%			
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, 2020

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 723,538		\$ 723,538	\$ 723,538
Bond Sale Proceeds	1,241,739		1,241,739	1,241,739
Total Revenues	<u>1,965,277</u>	<u>-</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>\$ 108,113</u>	<u>\$ -</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, 2020

	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>-</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>-</u>	<u>1,726,176</u>	<u>-</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, 2020

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,779,163	\$ (450)	\$ 1,778,713	\$ 1,778,713
Bond Sale Proceeds	2,932,586		2,932,586	2,932,586
Total Revenues	<u>4,711,749</u>	<u>(450)</u>	<u>4,711,299</u>	<u>4,711,299</u>
Expenditures and Other Financing				
Purchased Professional Services	396,006		396,006	
Construction Services	4,228,795	\$ 26,981	4,255,776	
Total Expenditures	<u>4,624,801</u>	<u>26,981</u>	<u>4,651,782</u>	-
Excess (Deficiency) of Revenues (Under) Expenditures	<u>\$ 86,948</u>	<u>\$ (27,431)</u>	<u>\$ 59,517</u>	<u>\$ 4,711,299</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	(154,456)			
Revised Authorized Cost	4,711,299			
Percentage Increase over Original				
Authorized Cost	-3.17%			
Percentage completion	100.00%			
Original target completion date	September 2016			
Revised target completion date	July 1, 2019			

Manchester Township School District
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2020

Issue/Project Title	Revised Appropriations	Expenditures to Date		Transferred Out	Unexpended Balance
		Prior Year	Current Year		
Referendum Project - Various Improvements - 2014	\$ 15,246,535	\$ 14,839,550	\$ 26,981	\$ 450	\$ 379,554
New Jersey Clean Energy Rebate Program	-				
	<u>\$ 15,246,535</u>	<u>\$ 14,839,550</u>	<u>\$ 26,981</u>	<u>\$ 450</u>	<u>\$ 379,554</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>				

Internal Service Funds

Manchester Township School District
Internal Service Funds

Combining Statement of Net Position

June 30, 2020

	SAT Prep Fund	Transportation Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 905		\$ 905
Other receivables	85	\$ 142,783	142,868
Total current assets	\$ 990	\$ 142,783	\$ 143,773
LIABILITIES			
Current liabilities:			
Interfund payable		69,296	69,296
Total current liabilities	-	69,296	69,296
NET POSITION			
Unrestricted	990	73,487	74,477
Total net position	\$ 990	\$ 73,487	\$ 74,477

Manchester Township School District
Internal Service Funds

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

For the Year Ended June 30, 2020

	<u>SAT Prep Fund</u>	<u>Transportation Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Services provided to other funds	\$ 3,755	\$ 291,577	\$ 295,332
Total operating revenues	<u>3,755</u>	<u>291,577</u>	<u>295,332</u>
 Operating expenses:			
Salaries		56,914	56,914
Employee benefits		34,500	34,500
Purchased professional services		156,663	156,663
Other objects		43,500	43,500
Supplies and materials	3,135		3,135
Total operating expenses	<u>3,135</u>	<u>291,577</u>	<u>294,712</u>
Operating income	620	-	620
 Change in net position	<u>620</u>	<u>-</u>	<u>620</u>
Total net position—beginning	370	73,487	73,857
Total net position—ending	<u>\$ 990</u>	<u>\$ 73,487</u>	<u>\$ 74,477</u>

Manchester Township School District
Internal Service Funds

Combining Statement of Cash Flows

June 30, 2020

	<u>SAT Prep Fund</u>	<u>Transportation Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 3,670	\$ 283,056	\$ 286,726
Payments to employees		(56,914)	(56,914)
Payments for employee benefits		(34,500)	(34,500)
Payments to suppliers	(3,135)	(200,580)	(203,715)
Net cash provided by (used in) operating activities	<u>535</u>	<u>(8,938)</u>	<u>(8,403)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts and payments (to) other funds		8,938	8,938
Net cash provided by non-capital financing activities	<u>-</u>	<u>8,938</u>	<u>8,938</u>
Net increase in cash and cash equivalents	535	-	535
Balances—beginning of year	370	-	370
Balances—end of year	<u>\$ 905</u>	<u>\$ -</u>	<u>\$ 905</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 620		\$ 620
Adjustments to reconcile operating income to net cash provided by operating activities (used in) operating activities			
(Increase) in accounts receivable	(85)	\$ (8,521)	(8,606)
(Decrease) in accounts payable		(417)	(417)
Total adjustments	<u>(85)</u>	<u>(8,938)</u>	<u>(9,023)</u>
Net cash provided by (used in) operating activities	<u>\$ 535</u>	<u>\$ (8,938)</u>	<u>\$ (8,403)</u>

Fiduciary Funds

Manchester Township School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2020

	Trust			Agency		
	Private Purpose Scholarship Fund	Unemployment Compensation Fund	Total Trust	Student Activity	Payroll	Total Agency
Assets						
Cash and cash equivalents	\$ 147,374	\$ 188,322	\$ 335,696	\$ 235,211	\$2,489,082	\$ 2,724,293
Due from agency fund		139,758	139,758			
Federal accounts receivable		48,491	48,491			
Total assets	<u>147,374</u>	<u>376,571</u>	<u>523,945</u>	<u>\$ 235,211</u>	<u>\$2,489,082</u>	<u>\$ 2,724,293</u>
Liabilities						
Payroll liabilities		90,112	90,112		\$2,349,324	\$ 2,349,324
Due to unemployment fund					139,758	139,758
Due to student groups				\$ 235,211		235,211
Total liabilities		<u>90,112</u>	<u>90,112</u>	<u>\$ 235,211</u>	<u>\$2,489,082</u>	<u>\$ 2,724,293</u>
Net Position						
Held in Trust	147,374	286,459	433,833			
Total net position	<u>\$ 147,374</u>	<u>\$ 286,459</u>	<u>\$ 433,833</u>			

Manchester Township School District
 Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Elementary Schools:				
Manchester Elementary	\$ 22,477	\$ 22,867	\$ 19,666	\$ 25,678
Regional Day School	14,235	8,245	6,638	15,842
Ridgeway School	19,266	11,209	19,821	10,654
Whiting School	6,136	14,760	11,295	9,601
Total Elementary Schools	<u>62,114</u>	<u>57,081</u>	<u>57,420</u>	<u>61,775</u>
Middle School	48,438	61,154	64,392	45,200
Senior High School	117,834	229,535	219,133	128,236
Total All Schools	<u>\$ 228,386</u>	<u>\$ 347,770</u>	<u>\$ 340,945</u>	<u>\$ 235,211</u>

Manchester Township School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Assets				
Cash and cash equivalents	\$ 2,338,439	\$ 76,442,371	\$ 76,291,728	\$ 2,489,082
Total assets	<u>\$ 2,338,439</u>	<u>\$ 76,442,371</u>	<u>\$ 76,291,728</u>	<u>\$ 2,489,082</u>
Liabilities				
Payroll liabilities	\$ 2,274,417	\$ 76,366,635	\$ 76,291,728	\$ 2,349,324
Due to unemployment fund	64,022	75,736		139,758
Total liabilities	<u>\$ 2,338,439</u>	<u>\$ 76,442,371</u>	<u>\$ 76,291,728</u>	<u>\$ 2,489,082</u>

Long-Term Debt

Manchester Township School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
			Date	Amount					
Referendum	3/1/2011	\$ 8,375,000				\$ 5,700,000		\$ 5,700,000	
Refunding Bonds	3/28/2012	13,525,000	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		9,070,000		1,085,000
School Bonds	12/10/2014	9,605,000	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		7,180,000		550,000
Refunding Bonds	1/14/2020	4,680,000	3/1/21	510,000	3.000				
			3/1/22	510,000	3.000				
			3/1/23	505,000	4.000				
			3/1/24	455,000	4.000				
			3/1/25	455,000	4.000				
			3/1/26	455,000	4.000				
			3/1/27	450,000	4.000				
			3/1/28	450,000	4.000				
			3/1/29	445,000	4.000				
			3/1/30	445,000	4.000				
						\$ 4,680,000		4,680,000	
						<u>\$ 21,950,000</u>	<u>\$ 4,680,000</u>	<u>\$ 7,335,000</u>	<u>\$19,295,000</u>

Manchester Township School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year Ended June 30, 2020

	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2019	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2020
School buses	1.68%	\$ 635,000	\$ 182,983		\$ 59,983	\$ 123,000
School buses and equipment	1.71%	557,250	138,189		33,528	104,661
Bus and Camera System	1.94%	725,000	378,552		91,932	286,620
Buses and textbooks	1.99%	845,000	612,822		127,805	485,017
Technology, Textbooks and Bus	2.19%	1,150,000	<u> </u>	<u>\$ 1,150,000</u>	<u>229,342</u>	<u>920,658</u>
			<u>\$ 1,312,546</u>	<u>\$ 1,150,000</u>	<u>\$ 542,590</u>	<u>\$ 1,919,956</u>

Manchester Township School District
Debt Service Fund

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

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local tax levy	\$ 2,746,129		\$ 2,746,129	\$ 2,746,129	
Interest Income				970	\$ 970
State sources:					
Debt Service Aid	198,167		198,167	198,167	
Total revenues	2,944,296	-	2,944,296	2,945,266	970
Expenditures:					
Principal on bonds	2,185,000		2,185,000	2,185,000	
Interest on bonds	759,856		759,856	749,116	10,740
Total expenditures	2,944,856	-	2,944,856	2,934,116	10,740
Excess (deficiency) of revenues over expenditures	(560)		(560)	11,150	11,710
Other financing sources:					
Refunding bonds issued				4,680,000	4,680,000
Premium on bonds				579,815	579,815
Cost of issuance				(100,777)	(100,777)
Payment to refunded bond escrow agent				(5,159,038)	(5,159,038)
Total other financing sources	-	-	-	-	-
Net change in fund balance	(560)	-	(560)	11,150	11,710
Fund balance, July 1	103,505	-	103,505	103,505	-
Fund balance, June 30	\$ 102,945	\$ -	\$ 102,945	\$ 114,655	\$ 11,710

Statistical Section

**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

	Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 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	\$ 23,760,798
Restricted	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	3,694,578
Unrestricted (deficit)	(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)	(24,867,059)
Total governmental activities net position	\$ 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	\$ 2,588,317
Business-type activities										
Net investment in capital assets	\$ 552,016	\$ 476,579	\$ 409,863	\$ 354,499	\$ 303,085	\$ 245,981	\$ 192,917	\$ 166,982	\$ 144,839	\$ 103,129
Unrestricted (deficit)	251,722	189,117	307,919	221,059	(2,043,632)	(2,678,384)	(3,231,931)	(3,532,016)	(2,244,929)	(1,826,618)
Total business-type activities net position	\$ 803,738	\$ 665,696	\$ 717,782	\$ 575,558	\$ (1,740,547)	\$ (2,432,403)	\$ (3,039,014)	\$ (3,365,034)	\$ (2,100,090)	\$ (1,723,489)
District-wide										
Net investment in capital assets	\$ 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	\$ 23,863,927
Restricted	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	3,694,578
Unrestricted (deficit)	(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)	(26,693,677)
Total district net position	\$ 14,180,323	\$ 14,393,549	\$ 15,121,015	\$ 15,220,556	\$ (2,407,334)	\$ 230,858	\$ (111,815)	\$ (1,696,067)	\$ (82,656)	\$ 864,828

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction	\$ 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	\$ 43,743,080
Support Services:										
Attendance and social work	53,507	51,304	56,380	59,051	69,405	76,771	77,840	73,762	74,326	71,665
Health services	392,958	439,139	458,276	405,372	420,468	433,965	457,646	477,856	523,308	501,037
Other support services	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	5,306,085
Improvement of instruction	964,068	1,067,319	1,110,423	1,094,227	1,216,005	1,426,602	1,652,019	1,749,547	1,646,177	1,532,055
Other support instructional staff	24,912	43,983	42,573	84,119	152,661	43,587	33,877	72,914	73,105	76,072
School library	637,551	694,645	699,204	662,340	649,888	666,302	776,286	777,082	632,419	636,861
General administration	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	2,222,108
School administration	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	5,148,006
Required maintenance of plant	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	803,113
Operation of plant	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	4,513,144
Student transportation	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	6,212,007
Capital outlay										
Interest on long-term debt	1,091,494	920,735	982,757	1,025,175	988,251	1,106,501	956,630	893,322	815,239	795,657
Total governmental activities expenses	<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>	<u>71,560,890</u>
Business-type activities:										
Food service	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	983,659
Regional Day School	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	5,877,463
Total business-type activities expense	<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>	<u>6,861,122</u>
Total district expenses	<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>	<u>\$ 78,422,012</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 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	\$ 2,276,779
Pupil transportation	281,160	240,753	286,081	262,741	287,230	381,561	376,660	430,144	485,574	295,332
Operating grants and contributions	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	1,529,815
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>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>	<u>4,101,926</u>
Business-type activities:										
Charges for services:										
Food service	800,212	952,129	705,089	772,900	750,700	738,033	731,712	752,912	780,803	441,092
Regional Day School	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	6,114,475
Operating grants and contributions	685,840	792,020	727,079	755,818	774,004	771,717	781,410	778,418	751,314	682,156
Total business type activities program revenues	<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>	<u>7,237,723</u>
Total district program revenues	<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>	<u>\$ 11,339,649</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (67,458,964)
Business-type activities	(278,568)	(138,063)	52,086	(142,224)	(99,254)	(691,856)	(606,611)	(326,020)	1,234,254	376,601
Total district-wide net expense	<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>	<u>\$ (67,082,363)</u>

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

(accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 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	\$ 46,167,969
Property taxes levied for debt service	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	2,746,129
Unrestricted grants and contributions	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	18,952,617
Investment earnings	72,853	2,429		1,152	1,620	46,900	37,809	46,614	33,678	61,239
Miscellaneous income	264,594	102,342	23,041	119,595	148,709	97,590	60,622	119,928	89,249	101,893
Transfers										
Total governmental activities	<u>48,224,264</u>	<u>50,296,662</u>	<u>52,127,842</u>	<u>52,629,578</u>	<u>59,535,791</u>	<u>63,686,645</u>	<u>69,576,835</u>	<u>74,401,705</u>	<u>70,043,998</u>	<u>68,029,847</u>
Business-type activities:										
Investment earnings and miscellaneous revenue	8,245	21								
Miscellaneous income									30,690	
Total business-type activities	<u>8,245</u>	<u>21</u>							<u>30,690</u>	<u>-</u>
Total district-wide	<u>\$ 48,232,509</u>	<u>\$ 50,296,683</u>	<u>\$ 52,127,842</u>	<u>\$ 52,629,578</u>	<u>\$ 59,535,791</u>	<u>\$ 63,686,645</u>	<u>\$ 69,576,835</u>	<u>\$ 74,401,705</u>	<u>\$ 70,074,688</u>	<u>\$ 68,029,847</u>
Change in Net Position										
Governmental activities	\$ (324,166)	\$ 351,268	\$ 675,380	\$ 241,765	\$ 991,419	\$ 3,330,048	\$ 263,938	\$ (1,258,232)	\$ 348,467	\$ 570,883
Business-type activities	(270,323)	(138,042)	52,086	(142,224)	(99,254)	(691,856)	(606,611)	(326,020)	1,264,944	376,601
Total district	<u>\$ (594,489)</u>	<u>\$ 213,226</u>	<u>\$ 727,466</u>	<u>\$ 99,541</u>	<u>\$ 892,165</u>	<u>\$ 2,638,192</u>	<u>\$ (342,673)</u>	<u>\$ (1,584,252)</u>	<u>\$ 1,613,411</u>	<u>\$ 947,484</u>

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

	Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved										
Unreserved										
Restricted for			\$ 547,437	\$ 616,036	\$ 1,125,368	\$ 1,704,475	\$ 1,977,096	\$ 1,529,317	\$ 1,733,190	\$ 3,315,024
Assigned to	\$ 56,120	\$ 474,520	303,227	577,463	51,503	260,350	8,644	143,849	109,863	51,764
Unassigned	362,868	458,967	560,212	644,242	597,485	504,276	701,709	851,425	1,014,890	1,247,015
Total general fund	<u>\$ 418,988</u>	<u>\$ 933,487</u>	<u>\$ 1,410,876</u>	<u>\$ 1,837,741</u>	<u>\$ 1,774,356</u>	<u>\$ 2,469,101</u>	<u>\$ 2,687,449</u>	<u>\$ 2,524,591</u>	<u>\$ 2,857,943</u>	<u>\$ 4,613,803</u>
All Other Governmental Funds										
Restricted for:										
Capital projects fund	\$ 762,598	\$ 835,861	\$ 691,434	\$ 484,060	\$ 9,096,410	\$ 2,568,136	\$ 876,863	\$ 529,511	\$ 406,985	\$ 379,554
Debt service fund			34,682		116,620	364,565	3,483	910	103,505	114,655
Assigned to:										
Capital projects fund	336,205									
Debt service fund	226,678									
Total all other governmental funds	<u>\$ 1,325,481</u>	<u>\$ 835,861</u>	<u>\$ 726,116</u>	<u>\$ 484,060</u>	<u>\$ 9,213,030</u>	<u>\$ 2,932,701</u>	<u>\$ 880,346</u>	<u>\$ 530,421</u>	<u>\$ 510,490</u>	<u>\$ 494,209</u>

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 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	\$ 48,914,098
Tuition charges	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	2,276,779
Interest earnings	72,853	2,429		1,152	1,620	10,850	13,962	46,614	672	32,967
Investment Income						36,050	23,847		33,006	28,272
Miscellaneous	264,671	115,247	34,982	139,974	139,424	188,739	69,949	166,451	171,149	162,194
State sources	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	15,069,776
Federal sources	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	1,598,163
Total revenue	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	68,082,249
Expenditures										
Instruction										
Regular and Special Education Instruction	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	26,677,736
Support Services:										
Attendance and social work	39,353	37,732	41,467	42,996	45,198	46,757	44,595	42,023	47,471	48,543
Health services	392,958	439,139	458,276	405,372	420,468	433,965	457,646	477,856	523,308	501,037
Other support services	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	3,017,212
Improvement of instruction	692,721	737,602	771,886	770,009	730,633	829,877	862,762	873,009	894,789	896,457
School library	454,334	498,541	492,813	462,567	402,797	383,963	421,014	393,069	354,167	378,452
Instructional staff training	21,482	38,587	40,087	81,713	148,707	38,948	32,096	72,676	65,054	67,899
General administration	573,929	609,425	654,483	562,681	594,733	433,467	513,481	536,155	615,012	566,092
School administration	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	2,009,128
Central services	460,591	423,719	456,357	498,932	488,253	549,135	596,680	591,464	583,511	558,587
Information technology	181,243	317,799	302,039	329,395	269,605	244,824	456,848	363,760	318,159	380,781
Required maintenance of plant	593,432	829,477	1,042,988	866,329	1,176,131	1,045,440	727,338	995,044	946,061	1,158,528
Operation of plant	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	3,777,320
Student transportation	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	3,587,246
Business and other support services and benefits	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	19,410,329
Special Schools										
Costs of Issuance										
Capital outlay	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	1,523,207
Debt service:										
Cost of Issuance		72,000								100,777
Principal	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	2,185,000
Interest and other charges	1,135,454	1,059,320	853,212	912,069	902,375	1,151,590	982,582	908,105	838,856	749,116
Total expenditures	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	67,593,447
Excess (Deficiency) of revenues over (under) expenditures	(6,090,420)	(182,013)	(452,303)	(576,712)	(1,765,415)	(6,310,584)	(1,834,007)	(1,357,783)	313,421	488,802
Other Financing sources (uses)										
Capital leases (non-budgeted)	39,132	134,892	819,947	761,521	826,000	725,000		845,000		1,150,000
Bond proceeds					9,605,000					
Proceeds of refunding debt		13,525,000								4,680,000
Payment to refunded debt escrow agent		(14,675,597)								(5,159,038)
Original issue premium		1,296,985								579,815
Original issue discount		(74,388)								
Transfers in	278,875	2,000			116,620	370,623	351	559	102,945	450
Transfers out	(278,875)	(2,000)			(116,620)	(370,623)	(351)	(559)	(102,945)	(450)
Total other financing sources (uses)	39,132	206,892	819,947	761,521	10,431,000	725,000	-	845,000	-	1,250,777
Net change in fund balances	\$ (6,051,288)	\$ 24,879	\$ 367,644	\$ 184,809	\$ 8,665,585	\$ (5,585,584)	\$ (1,834,007)	\$ (512,783)	\$ 313,421	\$ 1,739,579
Debt service as a percentage of noncapital expenditures	4.8%	4.7%	4.1%	4.1%	5.1%	6.4%	5.5%	4.7%	4.5%	4.4%

Source: CAFR Schedule B-2

Note: 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
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
2020		23,718	935	77,240		101,893

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
2020 ©	\$ 90,632,100	\$ 3,264,699,112	\$ 6,521,900	\$ 396,503,700	\$ 36,638,400	\$ 391,282,400	\$ 4,186,277,612	\$ 5,422,794	\$ 4,191,700,406	\$ 1.177
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

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

© Revaluation of Property

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

Unaudited

Fiscal Year Ended June 30,	Manchester Township School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Manchester Township	Ocean County	
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
2020	1.115	0.062	1.177	0.533	0.400	2.110

Source: District Records and Municipal Tax Collector.

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

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	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Cedar Glen Lakes	\$ 79,644,100	1	1.90%	\$ 83,656,900	1	2.05%
Crestwood Village Co-Op IV	64,725,000	2	1.54%	79,101,500	2	1.94%
Crestwood Village Co-Op III	58,159,200	3	1.39%	65,900,000	4	1.62%
Crestwood Village Co-Op II	55,670,100	4	1.33%	67,784,100	3	1.66%
Pine Ridge MHC LLC	53,983,700	5	1.29%	47,000,000	6	1.15%
Arbors Propco LLC	46,222,800	6	1.10%			
Crestwood Village Co-Op I	44,415,000	7	1.06%	51,620,600	5	1.27%
Briarhill At Manchester	41,030,000	8	0.98%			
Manchester Plaza	39,595,100	9	0.94%	35,061,900	7	0.86%
Sprintpoint At Crestwood	28,414,800	10	0.68%			
Hovson's				30,499,900	10	0.75%
Cedar Glen West				32,800,800	9	0.80%
Presbyterian Homes				34,200,000	8	0.84%
Total	<u>\$ 511,859,800</u>		<u>12.21%</u>	<u>\$ 527,625,700</u>		<u>12.94%</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	
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%	
2020	48,914,098	48,914,098	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	Certificates of Participation	Capital Leases	Capital Leases			
2011	\$ 26,349,000		\$ 1,236,221	\$ 52,185	\$ 27,637,406	0.14%	\$ 39,677
2012	25,145,000		957,950	37,623	26,140,573	0.15%	40,291
2013	23,760,000		1,336,938	35,746	25,132,684	0.16%	40,724
2014	22,440,000		1,630,151	20,278	24,090,429	0.18%	43,200
2015	30,620,000		1,878,168	5,470	32,503,638	0.13%	43,214
2016	28,605,000		2,037,799	2,065	30,644,864	0.14%	44,381
2017	26,175,000		1,509,729		27,684,729	0.17%	46,109
2018	24,100,000		1,813,538		25,913,538	0.19%	48,116
2019	21,950,000		1,312,546		23,262,546	0.22%	50,184
2020	19,295,000		1,919,956		21,214,956	0.25%	52,008

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.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 26,349,000	\$ 226,678	\$ 26,122,322	0.64%	\$ 603.59
2012	25,145,000		25,145,000	0.63%	598.42
2013	23,760,000	34,682	23,725,318	0.74%	547.40
2014	22,440,000		22,440,000	0.70%	515.21
2015	30,620,000	116,620	30,503,380	0.94%	687.31
2016	28,605,000	364,565	28,240,435	0.87%	648.58
2017	26,175,000	3,483	26,171,517	0.80%	603.10
2018	24,100,000	910	24,099,090	0.73%	555.34
2019	21,950,000	103,505	21,846,495	0.66%	506.91
2020	19,295,000	114,655	19,180,345	0.46%	438.68

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, 2020

Unaudited

	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Manchester Township	\$ 19,033,959	100.0%	\$ 19,033,959
County of Ocean	19,029,793	3.8%	723,132
Subtotal, overlapping debt			19,757,091
Manchester Township School District Direct Debt			19,295,000
Total direct and overlapping debt			\$ 39,052,091

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

2020	\$	4,186,277,612
2019		3,864,025,501
2018		<u>3,837,755,289</u>
		<u>\$ 11,888,058,402</u>

\$ 3,962,686,134

Debt limit (4 % of average equalization value)	\$	158,507,445
		<u>19,295,000</u>
		<u>\$ 139,212,445</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 158,507,445
Total net debt applicable to limit	<u>226,678</u>	<u>25,145,000</u>	<u>23,725,318</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>	<u>19,295,000</u>
Legal debt margin	<u>\$ 184,054,469</u>	<u>\$ 203,175,202</u>	<u>\$ 136,461,545</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>	<u>\$ 139,212,445</u>
Total net debt applicable to the limit as a percentage of debt limit	0.12%	14.12%	14.81%	14.89%	21.53%	19.41%	17.63%	15.92%	14.32%	12.17%

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
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%
2020	43,723		52,008	5.1%

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

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees*</u>	<u>Rank (Optional)</u>	<u>Percentage of Total</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total</u>
Joint Base - Lakehurst	3,550	1	26.15%	3,550	1	33.49%
Manchester Township Board of Education	600	2	4.42%	600	2	5.66%
Whiting Healthcare	140	3	1.03%	280	3	2.64%
Manchester Township	228	4	1.68%	228	4	2.15%
Arista Healthcare	225	5	1.66%	225	5	2.12%
Crestwood Manor	225	6	1.66%	225	6	2.12%
Shoprite	200	7	1.47%	200	7	1.89%
Manchester Manor	192	8	1.41%	192	8	1.81%
Lowe's	120	9	0.88%	120	9	1.13%
Arbors Care Center	120	10	0.88%	120	10	1.13%
	<u>5,600</u>		<u>41.24%</u>	<u>5,740</u>		<u>54.15%</u>
Total Employment within Township	<u>13,578</u>			<u>10,600</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>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>2020</u>
Instruction										
Regular	215	215.6	215.6	214.6	214.1	212.1	219.1	218.1	214.2	215.2
Special education	68	67.4	67.4	68.4	68.4	68.4	68.4	68.4	68.4	69.4
Other special education	35	38	38	38	38	38	38	39	39	39
Support Services:										
Student & instruction related services	69	68.7	68.7	70.7	77.7	84.7	84.7	98.2	105.6	111.6
General administrative services	2	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
School administrative services	24	23.9	23.9	25.4	26.4	28.4	28.4	28.4	26.4	26.4
Business administrative services	7	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	4.9
Technical administrative services	2	1.8	1.8	1.8	3	4	4	4	4	4
Plant operations and maintenance	32	32.4	34.4	34.4	36.5	36.5	36.5	36.5	37.5	38.5
Pupil transportation	58	58.3	58.3	58.3	62.62	62.62	62.62	62.62	63.9	60.7
Total	<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>	<u>571.80</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 are reclassified in special education and student and instruction related services.

Manchester Township School District
 Operating Statistics
 Last Ten Fiscal Years

Unaudited

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				
2011	3,109	\$ 48,991,415	\$ 15,758	1.60%	276	11:1	10:1	11:1	3,145	3,111	-1.31%	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	2,925	2,816	-0.78%	94.66%
2016	2,914	54,977,060	18,867	4.84%	276	11:1	10:1	11:1	2,878	2,853	-5.45%	94.89%
2017	2,915	58,503,937	20,070	9.94%	275	11:1	10:1	11:1	2,884	2,850	-1.40%	98.82%
2018	2,878	60,769,681	21,115	11.92%	270	11:1	10:1	11:1	2,869	2,838	-0.31%	98.92%
2019	2,895	62,928,113	21,737	8.31%	272	11:1	10:1	11:1	2,814	2,660	-2.43%	94.53%
2020	2,907	63,035,347	21,684	2.69%	274	11:1	10:1	11:1	2,872	2,776	0.10%	96.66%

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>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>2020</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	581	597	601	601	547	546	567	551	541	540
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	527	516	506	506	488	487	463	453	444	455
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	280	247	239	239	264	261	247	241	248	249
<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	666	667	681	681	675	691	663	681	667	695
<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	1,123	1,051	1,001	1,001	980	971	1,008	1,003	991	1,007

Number of Schools at June 30, 2020

 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,									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Central Office		\$ 263,071	\$ 200,483	\$ 240,673	\$ 234,994	\$ 221,690	\$ 176,935	\$ 161,307	\$ 180,085	\$ 109,067	\$ 82,941
High School	40	248,184	201,454	343,518	122,208	289,847	391,864	160,717	197,972	229,602	159,957
Manchester Elementary School	43	193,621	151,204	88,281	56,862	157,077	155,822	93,312	127,434	97,080	81,975
Manchester Middle School	45	164,101	160,807	134,581	170,154	217,836	228,808	198,324	401,210	180,858	125,249
Ridgeway Elementary School	50	176,886	129,950	88,050	88,902	92,039	131,489	188,149	100,861	124,450	77,947
Whiting Elementary School	60	112,665	94,171	99,941	54,217	66,951	91,213	64,520	35,426	88,420	65,363
Total School Facilities		\$ 1,158,528	\$ 938,069	\$ 995,044	\$ 727,338	\$ 1,045,440	\$ 1,176,131	\$ 866,329	\$ 1,042,988	\$ 829,477	\$ 593,432

Source: District records of required maintenance.

Manchester Township School District
Insurance Schedule
Year ended June 30, 2020
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	31,000,000	
Sexual Abuse	17,000,000	
Products and Completed Operations	31,000,000	
Personal Injury and Adv. Injury	31,000,000	
Employee Benefits Liability	31,000,000	1,000
Terrorism	1,000,000	
Section VI - Automobile:		
Bodily Injury and Property Damage	31,000,000	
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, 2020
Unaudited

Type of Coverage	Coverage	Deductible
Errors and Omissions:		
Errors and Omissions	\$ 30,000,000	\$ 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	287,500	

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2021.

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) as a basis for designing 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 financial statements. 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

January 22, 2021
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, 2020. 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 and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state 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, 2020.

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

January 22, 2021
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, 2020

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, 2019	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2020		
					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	2005NJ5MAP	Not available	\$ 128,649	7/1/19	6/30/20			\$ 105,947	\$ (128,649)			\$ (22,702)		
Total General Fund									105,947	(128,649)			(22,702)		
U.S. Department of Defense - Direct															
Special Revenue Fund:															
STEM grant	12.000	Not applicable	Not available	12,000	7/1/18	6/30/20	\$ 12,000			(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	S010A200030	NCLB-2940-08	580,164	7/1/19	9/30/20			580,164	(580,164)					
Special Education Cluster:															
IDEA Special Education Grants to States	84.027A	H027A200100	FT294008	708,558	7/1/19	9/30/20			708,558	(708,558)					
IDEA Preschool Grants for Children with Disabilities	84.173A	H173A200114	PS294007	33,618	7/1/19	9/30/20			33,618	(33,618)					
Subtotal of Special Education Cluster:									742,176	(742,176)					
Title II, Part A, Improving Teacher Quality State Grants	84.367A	S367A200029	NCLB-2940-07	98,973	7/1/19	9/30/20			98,973	(98,973)					
Title IV, Part A	84.186A	S424A200031	NCLB-2940-08	36,201	7/1/19	9/30/20			36,201	(36,201)					
Title IV, Part A	84.186A	S424A200031	NCLB-2940-08	27,250	7/1/18	6/30/19	(225)		225						
Total Special Revenue Fund							11,775		1,457,739	(1,469,514)			-	-	
U.S. Department of Agriculture-Passed-Through NJ Department of Agriculture															
Enterprise Fund:															
Child Nutrition Cluster:															
Food Donation Program (NC)	10.555	201NJ304N1099	N/A	63,006	7/1/19	6/30/20			63,006	(54,885)			\$ 8,121		
National School Lunch Program (CARES Act)	10.555	201NJ304N1099	N/A	27,993	7/1/19	6/30/20			27,993	(27,993)					
National School Lunch Program	10.555	201NJ304N1099	N/A	317,348	7/1/19	6/30/20			304,859	(317,348)			(12,489)		
National School Lunch Program	10.555	191NJ304N1099	N/A	396,882	7/1/18	6/30/19	(30,330)		30,330						
School Breakfast Program	10.553	201NJ304N1099	N/A	102,703	7/1/19	6/30/20			94,693	(102,703)			(8,010)		
School Breakfast Program	10.553	191NJ304N1099	N/A	98,014	7/1/18	6/30/19	(8,028)		8,028						
Subtotal Child Nutrition Cluster:							(38,358)		528,909	(502,929)			(20,499)	8,121	
Healthy Hunger-Free Kids Act	10.555	191NJ304N1099	N/A	11,729	7/1/18	6/30/19	(914)		914						
Healthy Hunger-Free Kids Act	10.555	201NJ304N1099	N/A	11,674	7/1/19	6/30/20			11,419	(11,674)			(255)		
Total Enterprise Fund							(39,272)		541,242	(514,603)			(20,754)	8,121	
U.S. Department of Labor-Passed-Through State Department of Labor															
Agency Fund:															
Passed through State Department of Labor: CARES Act DOL Unemployment Grant	17.000	N/A	N/A	48,491	7/1/19	6/30/20				(48,491)			(48,491)		
Total Agency Fund										(48,491)			(48,491)		
Total Federal Awards							\$ (27,497)	\$ -	\$ 2,104,928	\$ (2,161,257)	\$ -	\$ -	\$ (91,947)	\$ 8,121	\$ -

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, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Balance at June 30, 2020			MEMO		
					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	20-495-034-5120-014	\$ 1,989,096	7/1/2019	6/30/2020			\$ 1,802,295	\$ (1,989,096)					\$ (186,801)	\$ (1,989,096)
Transportation Aid	19-495-034-5120-014	1,989,096	7/1/2018	6/30/2019	\$ (187,721)		187,721							
Special Education Categorical Aid	20-495-034-5120-089	1,756,005	7/1/2019	6/30/2020			1,591,095	(1,756,005)					(164,910)	(1,756,005)
Special Education Categorical Aid	19-495-034-5120-089	1,756,005	7/1/2018	6/30/2019	(165,723)		165,723							
Extraordinary Aid	20-100-034-5120-044	1,037,761	7/1/2019	6/30/2020				(1,037,761)	\$ (1,037,761)					(1,037,761)
Extraordinary Aid	19-100-034-5120-044	810,105	7/1/2018	6/30/2019	(810,105)		810,105							
Security Aid	20-495-034-5120-084	573,735	7/1/2019	6/30/2020			519,854	(573,735)					(53,881)	(573,735)
Security Aid	19-495-034-5120-084	573,735	7/1/2018	6/30/2019	(54,146)		54,146							
Adjustment Aid	20-495-034-5120-085	1,055,427	7/1/2019	6/30/2020			956,310	(1,055,427)					(99,117)	(1,055,427)
Adjustment Aid	19-495-034-5120-085	1,087,996	7/1/2018	6/30/2019	(102,679)		102,679							
Other State Aid (NP Transportation Aid)	Not Available	9,280	7/1/2018	6/30/2019	(9,280)		9,280							
On-Behalf TPAF Medical Contributions (NC)	20-495-034-5094-001	1,846,185	7/1/2019	6/30/2020			1,846,185	(1,846,185)						(1,846,185)
On-Behalf TPAF Long-Term Disability Insurance (NC)	20-495-034-5094-004	3,973	7/1/2019	6/30/2020			3,973	(3,973)						(3,973)
TPAF Pension and Annuity Fund (NC)	20-495-034-5094-002	4,976,484	7/1/2019	6/30/2020			4,976,484	(4,976,484)						(4,976,484)
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	1,627,383	7/1/2019	6/30/2020			1,546,583	(1,627,383)	(80,800)					(1,627,383)
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	1,558,533	7/1/2018	6/30/2019	(111,373)		111,373							
Total General Fund					(1,441,027)		14,683,806	(14,866,049)	(1,118,561)				(504,709)	(14,866,049)
Debt Service Fund														
Debt Service Aid	20-495-034-5120-017	198,167	7/1/2019	6/30/2020			198,167	(198,167)						(198,167)
Total Debt Service Fund							198,167	(198,167)						(198,167)
State Department of Agriculture:														
Enterprise Fund:														
School Lunch Program (State Share)	20-100-010-3350-023	11,582	7/1/2019	6/30/2020			8,500	(11,582)	(3,082)					(11,582)
School Lunch Program (State Share)	19-100-010-3350-023	10,349	7/1/2018	6/30/2019	(805)		805							
					(805)		9,305	(11,582)	(3,082)					(11,582)
State Department of Education:														
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	155,971	7/1/2019	6/30/2020			148,610	(155,971)	(7,361)					(155,971)
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	153,245	7/1/2018	6/30/2019	(9,415)		9,415							
Total Enterprise Fund					(10,220)		167,330	(167,553)	(10,443)					(167,553)
Total state financial assistance					\$ (1,451,247)		\$ - \$ 15,049,303	\$ (15,231,769)	\$ (1,129,004)	\$ -	\$ -	\$ -	\$ (504,709)	\$ (15,231,769)
State Financial Assistance Not Subject to Single Audit Determination:														
General Fund:														
On-Behalf TPAF Medical Contributions (NC)	20-495-034-5094-001	1,846,185	7/1/2019	6/30/2020			(1,846,185)	1,846,185						1,846,185
On-Behalf TPAF Long-Term Disability Insurance (NC)	20-495-034-5094-004	3,973	7/1/2019	6/30/2020			(3,973)	3,973						3,973
TPAF Pension and Annuity Fund (NC)	20-495-034-5094-002	4,976,484	7/1/2019	6/30/2020			(4,976,484)	4,976,484						4,976,484
Total State Financial Assistance Subject to Single Audit Determination					\$ (1,451,247)		\$ - \$ 8,222,661	\$ (8,405,127)	\$ (1,129,004)	\$ -	\$ -	\$ -	\$ (504,709)	\$ (8,405,127)

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, 2020

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, 2020

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 \$(5,560) 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	\$ 128,649	\$ 14,871,609	\$ 15,000,258
Special Revenue Fund	1,469,514		1,469,514
Debt Service Fund		198,167	198,167
Enterprise Fund/Food Service	514,603	11,582	526,185
Trust and Agency Fund	48,491		48,491
Enterprise Fund/Regional Day School		155,971	155,971
Total financial award revenues	<u>\$ 2,161,257</u>	<u>\$ 15,237,329</u>	<u>\$ 17,378,586</u>

Manchester Township School District

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

Year ended June 30, 2020

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, 2020.

The post retirement pension, medical and long-term disability benefits received on-behalf of the District for the year ended June 30, 2020 amounted to \$6,826,642. 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, 2020

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)?	<u> </u> Yes	<u> X </u>	No
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Manchester Township School District

Schedule of Findings and Questioned Costs

June 30, 2020

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	H027A200100	Special Education Cluster: IDEA Special Education Grants to States
84.173A	H173A200114	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, 2020

Part I – Summary of Auditors Results (continued)

State Financial Assistance

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
	State Aid Cluster:
495-034-5120-089	Special Education Categorical Aid
495-034-5120-085	Adjustment Aid
495-034-5120-084	Security Aid

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, 2020

Part II – Schedule of Financial Statement Findings

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

Manchester Township School District

Schedule of Findings and Questioned Costs

June 30, 2020

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 Financial Assistance 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, 2020

No prior year findings were noted.