

# MANCHESTER TOWNSHIP SCHOOL DISTRICT



Manchester Township Board of Education  
Manchester Township, New Jersey

Annual Comprehensive Financial Report  
*For the Fiscal Year Ended June 30, 2021*

*"Excellence by Example"*

**MANCHESTER TOWNSHIP  
SCHOOL DISTRICT**

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED June 30, 2021

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

**MANCHESTER TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS**

<b><u>Exhibits</u></b>	<b><u>Page</u></b>
Letter of Transmittal	1
Organization Chart	12
Roster of Officials	13
Independent Auditors and Advisors	14
Certificate of Excellence	15
 <b>FINANCIAL SECTION</b>	
Independent Auditors' Report	16
 <b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	19
 <b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
A-1 Statement of Net Position	29
A-2 Statement of Activities	30
 Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	31
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	32
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Proprietary Funds:	
B-4 Statement of Net Position	34
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	35
B-6 Statement of Cash Flows	36
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	NA
B-8 Statement of Changes in Fiduciary Net Position	NA
 Notes to the Basic Financial Statements	 37

## Table of Contents

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Required Supplementary Information – Part II</b>	
Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees’ Retirement System	78
Schedule of District Contributions – Public Employees’ Retirement System	79
Schedule of State’s Proportionate Share of the Net Pension Liability Associated with the District – Teachers’ Pension and Annuity Fund	80
Schedule of 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	81
Notes to Required Supplementary Information	82
<b>Required Supplementary Information – Part III</b>	
Budgetary Comparison Schedules:	
C-1 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund (Budgetary Basis)	83
C-2 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund (Budgetary Basis)	92
<b>Note to Required Supplementary Information</b>	
C-3 Budget to GAAP Reconciliation	93
<b>Supplementary Information</b>	
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	94
Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	95
F-1 Schedules of Project Revenues, Expenditures, Project Balance (a-f) and Project Status – Budgetary Basis	96
F-2 Summary Schedule of Project Expenditures	102

## Table of Contents

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Supplementary Information (continued)</b>	
Proprietary Funds:	
Internal Service Funds:	
G-4 Combining Statement of Net Position	103
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	104
G-6 Combining Statement of Cash Flows	105
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	106
I-2 Schedule of Obligations Under Capital Leases	107
I-3 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund	108
<b>STATISTICAL SECTION – OTHER INFORMATION (Unaudited)</b>	
Financial Trends:	
J-1 Net Position by Component	109
J-2 Changes in Net Position	110
J-3 Fund Balances, Governmental Funds	112
J-4 Changes in Fund Balances, Governmental Funds	113
J-5 General Fund Other Local Revenue by Source	114
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	115
J-7 Property Tax Rates – Direct and Overlapping Governments	116
J-8 Principal Property Tax Payers	117
J-9 Property Tax Levies and Collections	118
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	119
J-11 Ratios of Net General Bonded Debt Outstanding	120

## Table of Contents

	<u>Page</u>
<b>STATISTICAL SECTION – OTHER INFORMATION (Unaudited) (continued)</b>	
J-12 Ratios of Overlapping Governmental Activities Debt	121
J-13 Legal Debt Margin Information	122
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	123
J-15 Principal Employers	124
J-16 Full-Time Equivalent District Employees by Function/Program	125
Operating Information:	
J-17 Operating Statistics	126
J-18 School Building Information	127
J-19 Schedule of Required Maintenance for School Facilities	128
J-20 Insurance Schedule	129
<b>SINGLE AUDIT SECTION</b>	
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	131
K-2 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 15-08	133
K-3 Schedule A – Schedule of Expenditures of Federal Awards - Supplementary Information	136
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary Information	137
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	138
K-6 Schedule of Findings and Questioned Costs	141
K-7 Summary Schedule of Prior Audit Findings	146

## Introductory Section



# Manchester Township Board of Education

P. O. Box 4100, 121 Route 539  
Whiting, New Jersey 08759-4100

732-350-5900  
FAX 732-350-0436

JOHN BERENATO  
Superintendent of Schools

CRAIG A. LORENTZEN, CPA  
Business Administrator  
Board Secretary

KEN PATE  
President

MELANIE BISCARDI  
Vice President

March 11, 2022

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 Annual Comprehensive Financial Report of the Manchester Township School District (District) for the fiscal year ended June 30, 2021, 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, 2021 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 Annual Comprehensive 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 2020/2021 fiscal year with an enrollment of 2,879.0 students. This includes 115 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 2020/2021 was 63.0. The following details the changes in the student enrollment of the District and RDS over the last five years.

### **Average Daily Enrollment**

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2020-2021 (RDS)	2,879.0 63.0	(0.96) % (0.87) %
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)

The District has experienced a slight decrease in enrollment over the past year. 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 2021-2022 school year to be 2,890 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 valuation of the community and enrollment.

Manchester currently has six school buildings ranging in age from 26 years old to 61 years old. Given the age of the buildings, the schools are in excellent condition. The District passed two referendums in the last 11 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 2020-2021 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 renovated an old woodshop room that was no longer being used at the middle school and converted it into a technology lab that can be used for instruction, STEAM, professional development and meetings.
- 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 2020-2021 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 maintained two Class III officers in 2020-2021 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 a new phone system at the high school and is in the process of installing a new system at the middle school and Manchester Elementary to improve communication between classrooms and the main office. It also provides several notification options in the event of an incident in the school. The District will focus on the three remaining schools in upcoming budgets.
- The District began installation of surveillance cameras at its elementary schools. That project is expected to be complete this fall. This will complete the Districts goal to have indoor and outdoor surveillance at all of its district schools.

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

**Status:** Since the inception of the Energy Education program in October 2009, the school district has reduced energy cost by over \$5.0 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 2020-2021 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 continues to be 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 costs, 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 \$5.0 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. Energy cost are expected to increase this winter and that could impact this and future budgets.
- All other controllable expenditures will be held to an inflationary growth of 2% or less in future budget cycles.
- The District will work to maintain Capital and Maintenance reserves despite the 2% tax levy cap and flat state funding so it can address needs that may arise to improve or add to our existing facilities.
- The District continues to deal with the impact of COVID-19. The District remained on a hybrid model of instruction during the 2020-2021 school year with many of the students returning to the District for the last few months of school. The District received grant funding from several sources to address the impact COVID-19 has had on students, staff and the community of Manchester. Funding from these grants were used to purchase supplies to sanitize and clean the schools, personal protective equipment, address learning delay through the purchase of additional resources for students and staff and offering more programs for students including a suite of summer and afterschool programs, COVID preparedness and response, training and professional development for staff, technology for students, staff and infrastructure, mental health services and support for students, public health protocols to reduce the rate of transmission of the virus, school facility upgrades to improve indoor air quality and various other services to address the individual needs at each school. Through available grant funds, the District will continue to offer these programs, services and facility improvements into the 2023-2024 school year.

The District will face many challenges in the upcoming years. With the passing of Senate 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. The Board of Education for the District maintains and controls the legal level of control over the budget, which is made at the line-item level. 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, 2021.

## **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, 2020. This is the twenty-sixth 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 annual comprehensive financial report continues to meet the Programs' requirements and we are submitting it to ASBO to determine its eligibility for the fiscal year 2020/2021 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 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 2021-2022 budget and beyond. Currently, minimum wage is \$12 per hour. This will increase to \$13 per hour in January 2022 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 increase in fuel cost is going to have a major impact on future budgets if costs do not come back down. The District utilizes approximately 60 school vehicles that require diesel and unleaded gasoline. Our bus fleet drives approximately 850,000 miles a year with the average vehicle getting about 7-10 miles a gallon. Additionally, with a continued shortage of bus drivers the District is forced to contract out more runs which are also costlier due to the rise in fuel prices.

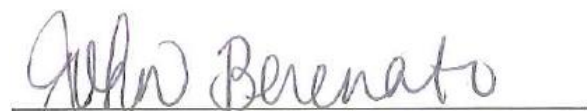
The impact of COVID-19 will continue to play a role in current and future budgets. The District has spent millions of dollars in preparation to open schools and keep them open under COVID-19 state guidelines. The impact this pandemic will have on future budgets is still uncertain but school districts 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,



John Berenato  
Superintendent



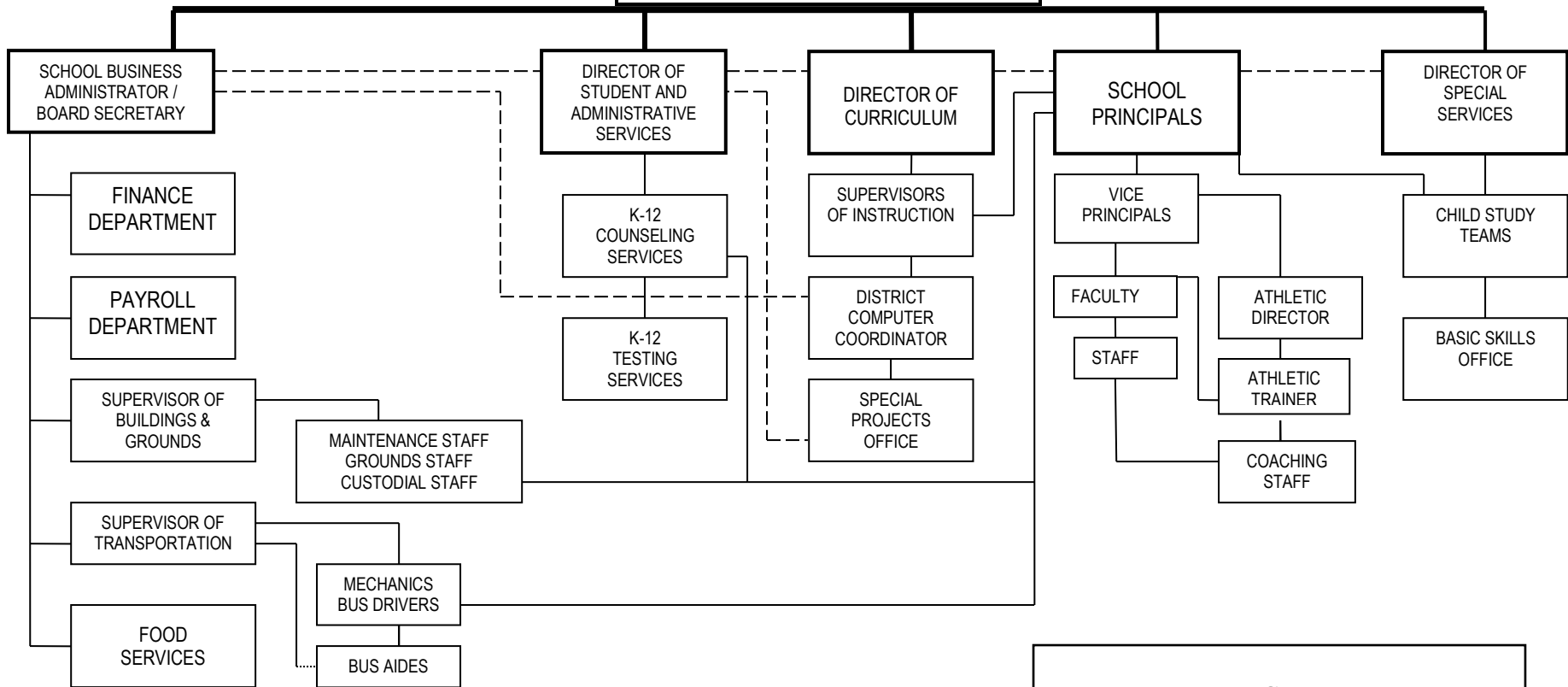
Craig A. Lorentzen, CPA  
Board Secretary  
Business Administrator

# 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, 2021

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Ken Pate, President	2023
Melanie Biscardi, Vice President	2023
Bryan Jenner	2021
Gayle Mount	2022
Daniel R. Staples	2022
George Cervenak	2021
Laura Wingler	2023
Deborah Pease (Lakehurst Board Representative)	

**Other Officials**

John Berenato, Superintendent of Schools (Effective February 2, 2022)  
David Trethaway, Superintendent of Schools (Through February 1, 2022)  
Craig A. Lorentzen, CPA, Board Secretary/School Business Administrator

Manchester Township School District  
Manchester Township, New Jersey

Independent Auditors and Advisors

**Independent Auditors**

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

**Attorney**

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

**Official Depositories**

Ocean First Bank  
400 Lacey Road  
Whiting, New Jersey 08759



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

## **Manchester Township School District**

**for its Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2020.**

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



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal  
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, 2021, 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.



**Honorable President and Members  
of the Board of Education  
Manchester Township School District**

Page 2

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, 2021, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

We draw attention to Note 1S and Note 18 in the notes to the financial statements which disclose the effects of the District's adoption of the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

***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

**Honorable President and Members  
of the Board of Education  
Manchester Township School District**

Page 3

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 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 March 11, 2022 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*

Cranford, New Jersey  
March 11, 2022

*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, 2021

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, 2021. 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 (2020-2021) and the prior fiscal year (2019-2020) 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 two categories: governmental funds and proprietary 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.

**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 37 - 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 - 108 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, 2021 and 2020:

Manchester Township Board of Education  
Manchester Township, New Jersey

Net Position

	June 30, 2021			June 30, 2020 (Restated)		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Assets</b>						
Current and other assets	\$ 10,078,657	\$ 2,251,142	\$ 12,329,799	\$ 5,920,544	\$ 1,192,506	\$ 7,113,050
Capital assets, net	45,190,538	105,439	45,295,977	45,438,899	103,129	45,542,028
<b>Total assets</b>	<b>55,269,195</b>	<b>2,356,581</b>	<b>57,625,776</b>	<b>51,359,443</b>	<b>1,295,635</b>	<b>52,655,078</b>
Deferred outflows of resources	4,039,609	458,002	4,497,611	5,392,371	641,531	6,033,902
<b>Liabilities:</b>						
Current liabilities	7,173,322	258,811	7,432,133	4,407,335	204,667	4,612,002
Net pension liabilities	16,369,571	2,227,951	18,597,522	18,554,006	2,544,932	21,098,938
Long-term liabilities outstanding	21,464,541		21,464,541	23,565,243		23,565,243
<b>Total Liabilities</b>	<b>45,007,434</b>	<b>2,486,762</b>	<b>47,494,196</b>	<b>46,526,584</b>	<b>2,749,599</b>	<b>49,276,183</b>
Deferred inflow of resources	7,496,220	987,724	8,483,944	6,967,869	911,056	7,878,925
<b>Net position:</b>						
Net investment in capital assets	25,564,664	105,439	25,670,103	23,760,798	103,129	23,863,927
Restricted	4,457,723		4,457,723	4,363,622		4,363,622
Unrestricted (deficit)	(23,217,237)	(765,342)	(23,982,579)	(24,867,059)	(1,826,618)	(26,693,677)
<b>Total net position</b>	<b>\$ 6,805,150</b>	<b>\$ (659,903)</b>	<b>\$ 6,145,247</b>	<b>\$ 3,257,361</b>	<b>\$ (1,723,489)</b>	<b>\$ 1,533,872</b>
<i>Governmental Activities</i>						

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, which was generated primarily from the impact of the implementation of Governmental Accounting Standards Board Statement No. 84. This standard now requires recording payroll, payroll agency, and unemployment cash and related liabilities as a governmental activity if those activities do not meet the newly defined criteria of a fiduciary activity. Since the District maintains administrative control over these assets and liabilities, they are appropriately recorded as a governmental activity for the year ended June 30, 2021, which is the first year of implementation and attributed to an increase in the cash balance of \$2,421,402. Additionally, the District generated \$1,182,318 of budgetary fund balance, which also attributed to a significant cash increase. 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 extraordinary 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.

Capital assets, net, decreased from the prior year. Depreciation expense of \$2,774,302 was offset by capital asset acquisitions of \$2,525,941.

Significant changes to deferred outflows and deferred inflows of resources pertain primarily to the impact of the changes in the GASB Statement No. 68 net pension liability calculation. The changes in 2021 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, 2019 and rolled forward to 2020. The net pension liability associated with the District's governmental activities at June 30, 2021 amounted to \$16,369,571, which was a decrease of approximately \$2,180,000 and resulted from changes in the net pension calculation. Long-term liabilities decreased by approximately \$1,966,000, 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 buses and textbooks amounted to \$809,500.

The largest portion of the District's government activities net position is its net investment in capital assets, \$25,564,664 (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 \$4,457,723 is comprised of amounts restricted for future debt service payments in the Debt Service Fund in the amount of \$176,802, amounts restricted for Maintenance Reserve in the amount of \$992,410, amounts restricted for Capital Reserve in the amount of \$1,645,000, amounts restricted for Unemployment Compensation in the amount of \$286,567, amounts restricted for Scholarships in the amount of \$137,256, amounts restricted for Student Activities in the amount of \$203,155 and excess surplus in the amount of \$1,016,533 that is restricted to be utilized in the District's 2022 and 2023 fiscal year budgets.

The remaining deficit balance, (\$23,217,237) of unrestricted net position reflects long-term obligations, such as compensated absences and the net pension liability.

#### *Business-Type Activities*

There was an increase from the prior year of approximately \$1,060,000 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 \$758,000 driven by a decrease in expenditures and a slight increase in payables at year end.
- The Regional Day School's share of the net pension liability decreased by approximately \$317,000 to \$2,227,951. There was a reported unrestricted net position deficit at year-end of \$(1,097,272).
- Without the effects of the net pension liability, the Regional Day School's unrestricted net position was \$1,824,788 compared to a deficit of \$1,099,942. The increase in unrestricted net position was the result of strict budgeting and controlled spending.

**District activities.** The key elements of the District's changes in net position for the years ended June 30, 2021 and 2020 are as follows:

Manchester Township Board of Education  
Manchester Township, New Jersey

Changes in Net Position

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities (Restated)	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,742,548	\$ 6,185,478	\$ 8,928,026	\$ 2,572,111	\$ 6,555,567	\$ 9,127,678
Operating and capital grants and contributions	2,902,611	1,452,766	4,355,377	1,529,815	682,156	2,211,971
General revenues:						
Property taxes	49,756,089		49,756,089	48,914,098		48,914,098
Federal and state aid not restricted to specific purposes	27,073,154		27,073,154	18,952,617		18,952,617
Investment earnings	23,156		23,156	28,272		28,272
Miscellaneous	92,827		92,827	134,860	30,690	165,550
<b>Total revenues</b>	<b>82,590,385</b>	<b>7,638,244</b>	<b>90,228,629</b>	<b>72,131,773</b>	<b>7,268,413</b>	<b>79,400,186</b>
Expenses:						
Instructional services	49,368,549	1,922,962	51,291,511	43,743,080	2,148,006	45,891,086
Support services	29,093,547	4,651,696	33,745,243	27,022,153	4,713,116	31,735,269
Interest on long-term liabilities	580,500		580,500	795,657		795,657
<b>Total expenses</b>	<b>79,042,596</b>	<b>6,574,658</b>	<b>85,617,254</b>	<b>71,560,890</b>	<b>6,861,122</b>	<b>78,422,012</b>
Change in net position	3,547,789	1,063,586	4,611,375	570,883	407,291	978,174
Net Position- Restatement adjustment				669,044		669,044
Net position (deficit) - beginning (restated)	3,257,361	(1,723,489)	1,533,872	2,017,434	(2,130,780)	(113,346)
<b>Net position (deficit) - ending</b>	<b>\$ 6,805,150</b>	<b>\$ (659,903)</b>	<b>\$ 6,145,247</b>	<b>\$ 3,257,361</b>	<b>\$ (1,723,489)</b>	<b>\$ 1,533,872</b>

*Governmental Activities*

Operating and capital grants and contributions increased in the current year, due to multiple rounds of federal funding in direct response to COVID-19 to purchase various supplies and equipment to maintain the safety and welfare of the District's students and staff.

The total general fund tax levy in 2021 was \$47,221,415. That is an increase of \$1,053,446 over the 2020 general fund tax levy of \$46,167,969. The 2020-2021 tax levy increase is below the state-mandated 2 percent cap. The total increase from 2019/20 to 2020/21 in state and federal aid was \$1,272,814. The increase 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, 2021.

Increase of approximately \$2,000,000 in support services was directly related to the return of students for in person learning.

The current year impact of Governmental Accounting Standards Board (GASB) Statement No. 75 attributed to approximately a \$6,000,000 increase to both the federal and state revenue line and the instructional services expenditure line. Actuarial calculations can be volatile and are driven by variables including the discount rate, various assumptions and deferred inflows and deferred outflows. The measurement date used to calculate this data used a discount rate that changed from 3.50% to 2.21% in the current year attributing to a large fluctuation in the calculated data.



### *Business-Type Activities*

- Charges for services decreased by \$370,000 from 2020, or 6%. This decrease was a direct result of the a slight decrease in enrollment in the Regional Day School and the decrease in daily food sales due federal and state reimbursable revenues funding meals.
- Expenses decreased by approximately \$286,000 compared to the 2020 fiscal year, a large portion of which is directly attributable to a decrease in RDS pension expense as a direct result of the actuarial calculations done for GASB Statement No. 68.

### **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, 2021, and the increases in relation to the prior year.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase From 2020</b>	<b>Percent of Increase</b>
Local Sources	\$52,322,621	71.835%	\$908,311	1.77%
State Sources	17,481,829	24.001%	2,412,053	16.01%
Federal Sources	3,032,857	4.164%	1,434,694	89.77%
Total	<u>\$72,837,307</u>	<u>100.00%</u>	<u>\$4,755,058</u>	<u>3.54%</u>

The increase in local sources is mainly attributable to the general fund and debt service fund tax levy increase of \$842,000. Although the general fund tax levy actually increased \$1,053,446, the debt service levy decreased by approximately \$210,000 due to a reduction in required debt service payments. 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 driven by the State of New Jersey increasing the amount paid by the State on behalf of the District for TPAF Pension, Medical, Long-term Disability Insurance and Social Security contributions by \$1,792,000, as well as an increase in extraordinary aid of approximately \$700,000. The increase in federal sources in the amount of is the result of the District receiving Cares ESSER I & II and Coronavirus Relief fund revenues in the current 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, 2021 and the increases and (decreases) related to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2020	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$25,022,862	34.84%	\$1,309,826	5.52%
Undistributed expenditures	41,545,944	57.84%	2,223,633	5.65%
Capital outlay	2,423,437	3.37%	927,211	61.97%
Debt service:				
Cost of Issuance		0.00%	(100,777)	-100.00%
Principal	2,180,000	3.04%	(5,000)	-0.23%
Interest	651,719	0.91%	(97,397)	-13.00%
<b>Total</b>	<b>\$71,823,962</b>	<b>100.00%</b>	<b>\$4,257,496</b>	<b>6.30%</b>

The increase in instruction expenses was primarily related to salary increases based on the District approved collective bargaining agreements. Undistributed expenditures increased by \$2,223,633 from the 2020 fiscal year, and was largely driven by an increase in TPAF Pension, Medical, Long-term Disability Insurance and Social Security on-behalf payments of approximately \$1,792,000 from fiscal year 2020 and the increase in support services of \$625,170 that was generated primary by the new federal grant funding, Elementary and Secondary School Emergency Relief (ESSER I and ESSER II), and the Coronavirus Relief Fund (CRF), which yielded \$561,784 in support service expenditures for the year ended June 30, 2021. The District had an increase during fiscal year 2021 in capital outlay of approximately \$900,000 related directly to an increase in non-instructional services. The District has no new bonds issued during the fiscal year 2021, 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 approximately \$2,000,000 during the 2021 fiscal year primarily the result of an increase to extraordinary aid of approximately \$700,000 and the local tax levy 2021 in the amount of \$1,053,446. As of June 30, 2021, the District has an unassigned fund balance of \$2,863,343 and excess surplus generated in the current year in the amount of \$244,745. The District designated \$771,788 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 \$1,645,000 for future capital improvements, as well as, a maintenance reserve restricted fund balance in the amount of \$992,410 for future maintenance projects. \$286,567 is restricted for Unemployment Compensation. \$355 is assigned and designated for subsequent year’s expenditures, \$10,296 is designated for subsequent years expenditures – FFCRA/SEMA and \$53,579 is recorded in encumbrances and assigned for other purposes.

### Special Revenue Fund

Expenditures incurred in the Special Revenue Fund increased by approximately \$1,654,000 as a result of an increase in the receipt of federal grants.

### Capital Projects Fund

As of June 30, 2021, the District's Capital Project's Fund Balance was \$0 which represented a decrease of \$379,554. This was the direct result of the District closing out the remaining capital projects.

### Debt Service Fund

As of June 30, 2021, the District's Debt Service Fund Balance was \$176,802. This is an increase from the prior year of \$62,147. The increase was generated mainly by the transfer of closed out capital project balances from the Capital Projects Fund. The balance will be utilized to fund future principal and interest payments.

### **Capital Asset and Debt Administration**

*Capital Assets.* The District has capital assets, net of accumulated depreciation, including land, construction in progress, buildings, facilities, equipment and vehicles noted as follows at June 30, 2021 and 2020:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$1,220,818	\$1,220,818			\$1,220,818	\$1,220,818
Buildings and building improvements	39,591,493	40,942,015			39,591,493	40,942,015
Machinery, equipment and vehicles	4,378,227	3,276,066	\$105,439	\$103,129	4,483,666	3,379,195
Total capital assets, net	<u>\$45,190,538</u>	<u>\$45,438,899</u>	<u>\$105,439</u>	<u>\$103,129</u>	<u>\$45,295,977</u>	<u>\$45,542,028</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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Bonds payable (net)	\$18,123,620	\$20,438,014
Capital leases payable	2,094,135	1,919,956
Compensated absences	4,343,218	4,168,623
Total long-term liabilities	<u>\$24,560,973</u>	<u>\$26,526,593</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 capital and maintenance in the amount of \$500,000 and \$65,000, respectively and an adjustment for prior year encumbrances in the amount of \$46,800.

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

- Decrease of approximately \$240,000 from the instruction grades six through eight appropriations to better align salary charges to other educational programs.
- Increase of approximately \$485,000 in salaries of teachers for the resource room/center for additional teachers.
- Increase of approximately \$210,000 in Tuition to CSSD and regional day schools to pay for students' tuition costs.
- Increase of approximately \$214,000 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 \$425,000 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.

With the 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.

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 2020-2021 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 13<sup>th</sup> 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 4,700 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 \$5,000,000 and is very optimistic that it will continue to save on energy consumption in the future. Additionally, in the upcoming school year, Manchester will continue to participate and seek opportunities through shared services with municipalities and other school districts as well as cooperative purchasing agreements to reduce district operating costs.

The new minimum wage law will be something that the District will have to deal with going forward. Each budget cycle will experience two one-dollar an hour increases in minimum wage until the minimum wage reaches \$15 per hour. This is going to have a significant impact on how the District budgets for substitutes and will require funding to be diverted from other areas of the budget to accommodate the increase in wages that will be paid. There is some non-commercial development going on and planned in Manchester. We have seen an initial increase in our enrollment since June 30, 2021 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 26 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 2021-2022 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, 2021.

## Manchester Township School District

## Statement of Net Position

June 30, 2021

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 6,647,343	\$ 1,284,766	\$ 7,932,109
Accounts receivable	3,377,258	942,184	4,319,442
Inventories		24,192	24,192
Investments	54,056		54,056
Capital assets, non-depreciable	1,220,818		1,220,818
Capital assets, depreciable, net	43,969,720	105,439	44,075,159
Total assets	<u>55,269,195</u>	<u>2,356,581</u>	<u>57,625,776</u>
<b>Deferred Outflows of Resources</b>			
Pension deferrals	3,447,728	458,002	3,905,730
Deferred loss on defeasance of debt	591,881		591,881
Total deferred outflows of resources	<u>4,039,609</u>	<u>458,002</u>	<u>4,497,611</u>
<b>Liabilities</b>			
Accounts payable	1,622,741	212,571	1,835,312
Accrued interest payable	253,605		253,605
Scholarships payable			
Payroll deductions and withholdings payable	2,069,964		2,069,964
Unemployment compensation claims payable	64,871		64,871
Unearned revenue	65,709	46,240	111,949
Net pension liability	16,369,571	2,227,951	18,597,522
Current portion of long-term obligations	3,096,432		3,096,432
Noncurrent portion of long-term obligations	21,464,541		21,464,541
Total liabilities	<u>45,007,434</u>	<u>2,486,762</u>	<u>47,494,196</u>
<b>Deferred Inflow Of Resources</b>			
Pension deferrals	<u>7,496,220</u>	<u>987,724</u>	<u>8,483,944</u>
<b>Net Position</b>			
Net Investment in capital assets	25,564,664	105,439	25,670,103
Restricted for:			
Debt Service	176,802		176,802
Capital Reserve	1,645,000		1,645,000
Maintenance Reserve	992,410		992,410
Unemployment Compensation	286,567		286,567
Scholarships	137,256		137,256
Student Activities	203,155		203,155
Excess Surplus	1,016,533		1,016,533
Unrestricted (deficit)	<u>(23,217,237)</u>	<u>(765,342)</u>	<u>(23,982,579)</u>
Total net position	<u>\$ 6,805,150</u>	<u>\$ (659,903)</u>	<u>\$ 6,145,247</u>

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



## Manchester Township School District

## Statement of Activities

Year ended June 30, 2021

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	
<b>Governmental activities</b>							
Instruction	\$ 49,368,549	\$ 2,200,668	\$ 1,986,355		\$ (45,181,526)		\$ (45,181,526)
Support services:							
Attendance/social work	79,204				(79,204)		(79,204)
Health services	503,313				(503,313)		(503,313)
Other support services	6,276,668	239,782	916,256		(5,120,630)		(5,120,630)
Improvement of instruction	1,718,774				(1,718,774)		(1,718,774)
Other support:							
Instructional staff	93,578				(93,578)		(93,578)
School library	745,561				(745,561)		(745,561)
General administration	2,335,389				(2,335,389)		(2,335,389)
School administration	5,510,330				(5,510,330)		(5,510,330)
Required maintenance of plant services	1,357,205				(1,357,205)		(1,357,205)
Operation of plant	4,734,020				(4,734,020)		(4,734,020)
Student transportation	5,739,506	302,098			(5,437,408)		(5,437,408)
Interest on long-term debt	580,500				(580,500)		(580,500)
Total governmental activities	<u>79,042,596</u>	<u>2,742,548</u>	<u>2,902,611</u>	<u>-</u>	<u>(73,397,437)</u>		<u>(73,397,437)</u>
<b>Business-type activities</b>							
Food service	1,186,566	184,485	1,307,602			\$ 305,521	305,521
Regional day school	5,388,092	6,000,993	145,164			758,065	758,065
Total business-type activities	<u>6,574,658</u>	<u>6,185,478</u>	<u>1,452,766</u>	<u>-</u>		<u>1,063,586</u>	<u>1,063,586</u>
	<u>\$ 85,617,254</u>	<u>\$ 8,928,026</u>	<u>\$ 4,355,377</u>	<u>\$ -</u>	<u>(73,397,437)</u>	<u>1,063,586</u>	<u>(72,333,851)</u>
<b>General revenues:</b>							
Property taxes, levied for general purposes					47,221,415		47,221,415
Property taxes, levied for debt service					2,534,674		2,534,674
Federal sources, unrestricted					140,345		140,345
State sources, unrestricted					26,932,809		26,932,809
Interest income					11,304		11,304
Interest and investment earnings - unrestricted					23,048		23,048
Interest and investment earnings - restricted					108		108
Miscellaneous income					81,523		81,523
Total general revenues					<u>76,945,226</u>		<u>76,945,226</u>
Change in net position					3,547,789	1,063,586	4,611,375
Net position (deficit)—beginning (restated)					3,257,361	(1,723,489)	1,533,872
Net position (deficit)—ending					<u>\$ 6,805,150</u>	<u>\$ (659,903)</u>	<u>\$ 6,145,247</u>

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

## Fund Financial Statements

## Governmental Funds

Manchester Township School District  
Governmental Funds

Balance Sheet

June 30, 2021

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 6,156,274	\$ 340,411	\$ 137,958	\$ 11,710	\$ 6,646,353
Investments	54,056				54,056
Accounts receivable:					
State	1,720,964				1,720,964
Federal		888,467			888,467
Other	566,326	35,374			601,700
Interfund receivable	824,178		27,134	165,092	1,016,404
<b>Total assets</b>	<b>\$ 9,321,798</b>	<b>\$ 1,264,252</b>	<b>\$ 165,092</b>	<b>\$ 176,802</b>	<b>\$ 10,927,944</b>
<b>Liabilities</b>					
Accounts payable	\$ 291,746	\$ 126,594			\$ 418,340
Other liabilities					
Interfund payable	27,134	731,538	\$ 165,092		923,764
Scholarships payable					
Payroll deductions and withholdings payable	2,069,964				2,069,964
Unemployment compensation claims payable	64,871				64,871
Unearned revenue		65,709			65,709
<b>Total liabilities</b>	<b>2,453,715</b>	<b>923,841</b>	<b>165,092</b>		<b>3,542,648</b>
<b>Fund balances:</b>					
Restricted for:					
Excess Surplus - current year	244,745				244,745
Excess Surplus - prior year - designated for subsequent year's expenditures	771,788				771,788
Unemployment Compensation	286,567				286,567
Scholarships		137,256			137,256
Student Activities		203,155			203,155
Maintenance reserve	992,410				992,410
Capital reserve	1,645,000				1,645,000
Debt service				\$ 176,802	176,802
Assigned to:					
Designated for subsequent years expenditures	355				355
Designated for subsequent years expenditures - FFCRA/SEMI	10,296				
Other purposes	53,579				53,579
Unassigned:					
General fund	2,863,343				2,863,343
<b>Total fund balances</b>	<b>6,868,083</b>	<b>340,411</b>	<b>-</b>	<b>176,802</b>	<b>7,385,296</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,321,798</b>	<b>\$ 1,264,252</b>	<b>\$ 165,092</b>	<b>\$ 176,802</b>	
Amounts reported for <i>governmental activities</i> 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 \$103,590,072 and the accumulated depreciation is \$58,399,534					45,190,538
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.					(253,605)
Losses and gains from the issuance of refunding bonds are deferred and amortized over the life of the bond.					591,881
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.					(4,048,492)
Accrued pension contributions for the June 30, 2021 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.					(1,204,401)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.					(16,369,571)
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.					(24,560,973)
<b>Net position of governmental activities</b>					<b>\$ 6,805,150</b>

The accompanying Notes to Financial Statements 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, 2021

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Revenues:</b>					
Local sources:					
Local tax levy	\$ 47,221,415			\$ 2,534,674	\$ 49,756,089
Tuition	2,200,668				2,200,668
Interest Income	11,161			143	11,304
Investment Income	23,048				23,048
Other Restricted Miscellaneous Revenues	108				108
Miscellaneous	81,523	\$ 249,881			331,404
Total local sources	49,537,923	249,881		2,534,817	52,322,621
State sources	17,287,729			194,100	17,481,829
Federal sources	140,345	2,892,512			3,032,857
Total revenues	66,965,997	3,142,393		2,728,917	72,837,307
<b>Expenditures:</b>					
Current:					
Instruction	23,036,507	1,986,355			25,022,862
Undistributed-current:					
Instruction	3,326,700				3,326,700
Attendance/social work	50,295				50,295
Health services	503,313				503,313
Support services	2,752,676	889,706			3,642,382
Improvement of instruction	922,781				922,781
School library	404,552				404,552
Instructional staff training	68,719				68,719
General administration	527,992				527,992
School administration	1,998,614				1,998,614
Central services	565,258				565,258
Information technology	467,533				467,533
Required maintenance for school facilities	911,475				911,475
Operation of plant	3,729,932				3,729,932
Student transportation	3,565,606				3,565,606
Unallocated benefits	10,614,536				10,614,536
On-behalf TPAF social security and pension contributions	10,246,256				10,246,256
Capital outlay	2,114,931	308,506	\$ 214,605		2,638,042
Debt service:					
Principal				2,180,000	2,180,000
Interest				651,719	651,719
Total expenditures	65,807,676	3,184,567	214,605	2,831,719	72,038,567
Excess (deficiency) of revenues over (under) expenditures	1,158,321	(42,174)	(214,605)	(102,802)	798,740
Other financing sources (uses):					
Transfers in				164,949	164,949
Transfers out			(164,949)		(164,949)
Capital leases	809,500				809,500
Total other financing sources (uses)	809,500		(164,949)	164,949	809,500
Net change in fund balances	1,967,821	(42,174)	(379,554)	62,147	1,608,240
Fund balances, July 1 - Restated	4,900,262	382,585	379,554	114,655	5,777,056
Fund balances, June 30	\$ 6,868,083	\$ 340,411	\$ -	\$ 176,802	\$ 7,385,296

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 Statements 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, 2021

<b>Total net change in fund balances - governmental funds (from B-2)</b>	<b>\$</b>	<b>1,608,240</b>
<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	\$ 2,525,941
	Depreciation Expense	<u>(2,774,302)</u>
		(248,361)
<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	2,180,000
	Obligations Under Capital Leases	<u>635,321</u>
		2,815,321
<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>		
		(809,500)
<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	285,465
<p>Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position. This amount is the net effect of these differences.</p>		
	Amortization of Premiums on Bonds	139,043
	Amortization of Discounts on Bonds	(4,649)
	Amortization of Deferred Loss on Defeasance	<u>(87,989)</u>
		46,405
<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>		
		24,814
<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>		
		<u>(174,595)</u>
<b>Change in net position of governmental activities (A-2)</b>	<b>\$</b>	<b><u>3,547,789</u></b>

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

## Proprietary Funds

Manchester Township School District  
Proprietary Funds

Statement of Net Position

June 30, 2021

	<b>Major Funds</b>			<b>Internal Service Funds</b>
	<b>Business Type Activities - Enterprise Funds</b>			
	<b>Food Service</b>	<b>Regional Day School</b>	<b>Totals</b>	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 102,956	\$ 1,181,810	\$ 1,284,766	\$ 990
Accounts receivable:				
State	8,167		8,167	
Federal	232,101		232,101	
Other	37,849	664,067	701,916	166,127
Inventories	24,192		24,192	
Total current assets	<u>405,265</u>	<u>1,845,877</u>	<u>2,251,142</u>	<u>167,117</u>
Noncurrent assets:				
Capital assets:				
Vehicles and equipment	795,549	2,538,989	3,334,538	
Accumulated depreciation	<u>(707,320)</u>	<u>(2,521,779)</u>	<u>(3,229,099)</u>	
Total capital assets, net	<u>88,229</u>	<u>17,210</u>	<u>105,439</u>	
Total noncurrent assets	<u>88,229</u>	<u>17,210</u>	<u>105,439</u>	
Total assets	<u>493,494</u>	<u>1,863,087</u>	<u>2,356,581</u>	<u>167,117</u>
<b>Deferred Outflow of Resources</b>				
Pension deferrals		<u>458,002</u>	<u>458,002</u>	
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	42,095	170,476	212,571	
Interfund payable				92,640
Unearned revenue	<u>31,240</u>	<u>15,000</u>	<u>46,240</u>	
Total current liabilities	<u>73,335</u>	<u>185,476</u>	<u>258,811</u>	<u>92,640</u>
Noncurrent liabilities:				
Net pension liability		<u>2,227,951</u>	<u>2,227,951</u>	
Total noncurrent liabilities		<u>2,227,951</u>	<u>2,227,951</u>	
Total liabilities	<u>73,335</u>	<u>2,413,427</u>	<u>2,486,762</u>	<u>92,640</u>
<b>Deferred Inflow of Resources</b>				
Pension deferrals		<u>987,724</u>	<u>987,724</u>	
<b>Net Position</b>				
Investment in capital assets	88,229	17,210	105,439	
Unrestricted (deficit)	<u>331,930</u>	<u>(1,097,272)</u>	<u>(765,342)</u>	<u>74,477</u>
Total net position (deficit)	<u>\$ 420,159</u>	<u>\$ (1,080,062)</u>	<u>\$ (659,903)</u>	<u>\$ 74,477</u>

The accompanying Notes to Financial Statements 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, 2021

	<b>Major Funds</b>			<b>Internal Service Funds</b>
	<b>Business Type Activities -</b>			
	<b>Enterprise Funds</b>			
<b>Food Service</b>	<b>Regional Day School</b>	<b>Totals</b>		
Operating revenues:				
Local sources:				
Special functions	\$ 182,340		\$ 182,340	
Tuition		\$ 5,998,024	5,998,024	
Miscellaneous revenue	2,145	2,969	5,114	
Total local sources	<u>184,485</u>	<u>6,000,993</u>	<u>6,185,478</u>	
Services provided to other funds				\$ 302,098
Total operating revenues	<u>184,485</u>	<u>6,000,993</u>	<u>6,185,478</u>	<u>302,098</u>
Operating expenses:				
Salaries	298,390	3,300,330	3,598,720	49,676
Employee benefits	75,921	1,601,076	1,676,997	34,500
Purchased professional services	58,107	18,127	76,234	177,923
Purchased property services		116,885	116,885	
Other purchased services	79,492	186,874	266,366	
Supplies and materials	72,382	117,633	190,015	12,499
Depreciation	8,885	25,835	34,720	
Cost of sales program	521,815		521,815	
Cost of sales non-program	69,251		69,251	
Other objects	2,323	21,332	23,655	27,500
Total operating expenses	<u>1,186,566</u>	<u>5,388,092</u>	<u>6,574,658</u>	<u>302,098</u>
Operating (loss) income	(1,002,081)	612,901	(389,180)	-
Nonoperating revenues:				
State sources:				
State school lunch program	33,713		33,713	
Reimbursed TPAF social security contribution		145,164	145,164	
Federal sources:				
National school lunch program	746,682		746,682	
School breakfast program	456,735		456,735	
P-EBT administrative cost reimbursements	3,063		3,063	
Food donation program	67,409		67,409	
Total nonoperating revenues	<u>1,307,602</u>	<u>145,164</u>	<u>1,452,766</u>	
Change in net position	305,521	758,065	1,063,586	-
Total net position (deficit)-beginning	<u>114,638</u>	<u>(1,838,127)</u>	<u>(1,723,489)</u>	<u>74,477</u>
Total net position (deficit)-ending	<u>\$ 420,159</u>	<u>\$ (1,080,062)</u>	<u>\$ (659,903)</u>	<u>\$ 74,477</u>

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

Manchester Township School District  
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2021

	<b>Major Funds</b>			
	<b>Business Type Activities -</b>			
	<b>Enterprise Funds</b>			<b>Internal</b>
	<b>Food</b>	<b>Regional</b>	<b>Totals</b>	<b>Service Funds</b>
	<b>Service</b>	<b>Day School</b>		
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 148,899	\$ 6,150,084	\$ 6,298,983	\$ 325,527
Payments to employees	(298,390)	(3,300,330)	(3,598,720)	(49,676)
Payments for employee benefits	(75,921)	(1,642,500)	(1,718,421)	(34,500)
Payments to suppliers	(713,966)	(436,635)	(1,150,601)	(217,922)
Payments for insurance	(58,107)	(18,127)	(76,234)	
Net cash (used in) provided by operating activities	(997,485)	752,492	(244,993)	23,429
<b>Cash flows from noncapital financing activities</b>				
Cash received from state and federal reimbursements	1,091,169	152,525	1,243,694	
Receipts and payments to other funds				(23,344)
Net cash provided by noncapital financing activities	1,091,169	152,525	1,243,694	(23,344)
<b>Cash flows from capital and related financing activities</b>				
Purchases of capital assets - equipment	(19,400)	(17,630)	(37,030)	
Net cash (used in) capital and related financing activities	(19,400)	(17,630)	(37,030)	
Net increase in cash and cash equivalents	74,284	887,387	961,671	85
Cash and cash equivalents, beginning of year	28,672	294,423	323,095	905
Cash and cash equivalents, end of year	\$ 102,956	\$ 1,181,810	\$ 1,284,766	\$ 990
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:</b>				
Operating (loss) income	\$ (1,002,081)	\$ 612,901	\$ (389,180)	\$ -
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation	8,885	25,835	34,720	
Change in assets, deferred outflows, liabilities and deferred inflows:				
(Increase) decrease in accounts receivable	(34,686)	149,091	114,405	23,429
(Increase) in inventory	(2,299)		(2,299)	
Decrease in deferred outflows of resources		198,889	198,889	
Increase in deferred inflows of resources		76,668	76,668	
(Decrease) in net pension liability		(316,981)	(316,981)	
Increase (decrease) in accounts payable	33,596	6,089	39,685	
(Decrease) in unearned revenue	(900)		(900)	
(Decrease) in other liabilities			-	
Net cash (used in) provided by operating activities	\$ (997,485)	\$ 752,492	\$ (244,993)	\$ 23,429

*Noncash noncapital related financing activities:*

The District received \$68,526 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2021.

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

Manchester Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2021

**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, 2021

**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, used in the proprietary 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, 2021

**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. Since the District's unemployment and payroll agency funds do not meet the new criteria defined by the new Government Accounting Standards Board Statement No. 84, the unemployment compensation fund which is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims and the payroll agency fund which is used to account for the assets that the District holds on behalf of others as their agent are reported in the general fund as governmental activities effective for the year ended June 30, 2021.

*Special Revenue Fund:* The District maintains one special revenue fund, which includes the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specified purposes. The revenue sources reported in the Special Revenue Fund include resources from the United States government, the State of New Jersey and some local organizations. Since the District's scholarship and student activity funds do not meet the new criteria defined by the new of Government Accounting Standards Board Statement No. 84, the private purpose scholarship fund which is utilized to provide scholarships to students and to account for the related transactions and student activities which is used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities are reported in the special revenue fund as governmental activities effective for the year ended June 30, 2021.

*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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

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.

*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 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.

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

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

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, 2021 and were not significant.

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

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, 2021, the District had inventories in the Food Service Enterprise fund of \$24,192, \$9,238 of 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, an estimated useful life in excess of two years and when considered collectively a significant district-wide purchase. Such assets are recorded at historical cost. Donated capital assets are valued at their estimated acquisition value on the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

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

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



Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**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, 2021, a liability existed for compensated absences in the government-wide financial statements in the amount of \$4,343,218 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.

**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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

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, 2021, the District has recorded an unamortized balance of \$591,881 as a deferred outflow of resources and recognized amortization expense of \$87,989.

**L. Net Position**

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

**M. Fund Balances**

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

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

- 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 \$6,868,083 of fund balances in the General Fund, \$10,651 has been assigned and designated for subsequent year's expenditures, \$771,788 has been classified as restricted fund balance designated for subsequent years expenditures – prior year excess surplus, \$2,637,410 has been classified as restricted for maintenance reserve and capital reserve in the amounts of \$992,410 and \$1,645,000, respectively, \$244,745 has been restricted for excess surplus – current year and \$2,863,343 is classified as unassigned – \$286,567 has been classified as restricted for Unemployment Compensation. The fund balance in the Debt Service Fund in the amount of \$176,802 is restricted for future debt service payments and the restricted fund balance in the special revenue fund represents reserves for student activities and scholarships in the amounts of \$203,155 and \$137,256, respectively.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**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.

**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 \$9,450,980 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

**P. Regional Day School**

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

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

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**Q. Calculation of Excess Surplus**

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 was \$1,016,533. Of this amount, \$771,788 has been appropriated in the 2021/22 budget and the remaining \$244,745 is required to be appropriated in the 2022/23 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, 2021, none were deemed material to the Manchester Township School District and therefore further disclosure is not required.

**S. Recently Issued Accounting Pronouncements**

The GASB issued Statement No. 84, *Fiduciary Activities*, which requires compliance by June 30, 2021. GASB 84 establishes specific criteria for identifying fiduciary activities based primarily on whether the school district is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. If the activity is not a "fiduciary activity," then it is a "governmental activity." The school district examined its current fiduciary funds and determined they do not meet the new terms and conditions of a fiduciary activity, as set forth by GASB 84. Therefore, the District's payroll and agency activity and unemployment compensation activity were reported in the general fund and the District's scholarship and student activity funds were reported in the special revenue funds as governmental activities accordingly. Management has appropriately implemented this standard for the year ended June 30, 2021.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

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 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, 2021 through March 11, 2022, the date that the financial statements were 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.

**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 \$24,560,973 difference are as follows:

Bonds payable	\$	17,115,000
Premium on bonds		1,040,005
Capital leases payable		2,094,135
Discount on bonds		(31,385)
Compensated absences		4,343,218
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>24,560,973</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**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, 2021

**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, 2021 the carrying amount of the District's deposits was \$6,726,627 and the bank balance was \$8,780,387.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2021 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$6,071,886. \$2,458,501 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, 2021

**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, 2021, the District's investment balances of \$54,056 was in Solar Renewable Energy Certificates. The District categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. 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, 2021:

- Solar Renewable Energy Credits in the amount of \$54,056 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, 2021, the District's balance was \$1,205,482. 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**3. Cash and Equivalents (continued)**

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

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

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer. At June 30, 2021, 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, 2021:

	Beginning Balance	Increases	Deletions/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,220,818			\$ 1,220,818
Total capital assets, not being depreciated	1,220,818		-	1,220,818
Capital assets, being depreciated:				
Buildings and building improvements	78,892,046	\$ 664,943		79,556,989
Machinery, equipment and vehicles	20,951,267	1,860,998		22,812,265
Total capital assets being depreciated	99,843,313	2,525,941	-	102,369,254
Less accumulated depreciation for:				
Buildings and building improvements	37,950,031	2,015,465		39,965,496
Machinery, equipment and vehicles	17,675,201	758,837		18,434,038
Total accumulated depreciation	55,625,232	2,774,302	-	58,399,534
Total capital assets, being depreciated, net	44,218,081	(248,361)	-	43,969,720
Governmental activities capital assets, net	\$ 45,438,899	\$ (248,361)	\$ -	\$ 45,190,538

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**4. Capital Assets (continued)**

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

Instruction	\$ 1,178,468
General administration	1,595,834
Total depreciation expense - governmental activities	<u>\$ 2,774,302</u>

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>			
Capital assests, being depreciated:			
Equipment and vehicles	\$ 3,297,508	\$ 37,030	\$ 3,334,538
Less accumulated depreciation for:			
Equipment and vehicles	3,194,379	34,720	3,229,099
Total business-type activities capital assets, net	<u>\$ 103,129</u>	<u>\$ 2,310</u>	<u>\$ 105,439</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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**5. Long-Term Liabilities**

During the fiscal year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 4,168,623	\$ 410,338	\$ 235,743	\$ 4,343,218	\$ 250,000
Bonds payable	19,295,000		2,180,000	17,115,000	2,205,000
Premium on bonds	1,179,048		139,043	1,040,005	139,043
Discount on bonds	(36,034)		(4,649)	(31,385)	(4,649)
Obligations under capital leases	1,919,956	809,500	635,321	2,094,135	507,038
Subtotal	26,526,593	1,219,838	3,185,458	24,560,973	3,096,432
Net pension liability	18,554,006		2,184,435	16,369,571	
<b>Governmental activity long-term liabilities</b>	<b>\$ 45,080,599</b>	<b>\$ 1,219,838</b>	<b>\$ 5,369,893</b>	<b>\$ 40,930,544</b>	<b>\$ 3,096,432</b>
Business-type activities:					
Net pension liability	\$ 2,544,932		\$ 316,981	\$ 2,227,951	
	\$ 2,544,932		\$ 316,981	\$ 2,227,951	

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 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, 2021.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**5. Long-Term Liabilities (continued)**

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 \$600,000 to \$750,000 and 2.25% to 3.00%, respectively as of June 30, 2021.

In January 2020, the District issued \$4,680,000 of refunding bonds to provide resources to refund all of the callable principal of the District's Series 2011 Bonds. 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, 2021.

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

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Year ending June 30:					
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	1,980,000		261,344		2,241,344
2027-2030	6,305,000		449,422		6,754,422
	<u>\$ 17,115,000</u>	<u>\$</u>	<u>2,519,316</u>	<u>\$</u>	<u>19,634,316</u>

See page 106 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:

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**5. Long-Term Liabilities (continued)**

Fiscal Year	Amounts
Year ending June 30:	
2022	\$ 676,428
2023	508,479
2024	373,025
2025	246,387
2026-2027	403,555
	<u>2,207,874</u>
Less amount representing interest	(113,739)
Present value of net future minimum lease payments	<u>\$ 2,094,135</u>

See page 107 for additional information regarding the District's capital leases. The assets acquired through capital leases at June 30, 2021:

	Governmental Activities
Asset:	
Machinery, equipment and vehicles	\$ 4,289,118
Less accumulated depreciation	(2,328,543)
Total	<u>\$ 1,960,575</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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

**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 1/55<sup>th</sup> 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 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

**Public Employees' 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

**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, 2021, the State of New Jersey contributed \$8,571,324 to the TPAF for normal costs of pension, post-retirement medical and long-term disability insurance benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the

District \$1,820,096 during the year ended June 30, 2021 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 amounts of \$1,674,932 and \$145,164, 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, 2021, 2020, and 2019 was \$1,247,581, \$1,139,006 and \$1,022,440, 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, 2021, the District reported a liability of \$18,597,522 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension



Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.1140435576 percent, which was a decrease of 0.0030525290% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized full accrual pension expense of \$1,041,899 in the government-wide financial statements. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 603,325	\$ 7,786,958
Net difference between projected and actual earnings on pension plan investments	635,678	
Changes in proportion	959,310	631,217
Difference between expected and actual experience	338,630	65,769
District contributions subsequent to the measurement date	1,368,787	
	<u>\$ 3,905,730</u>	<u>\$ 8,483,944</u>

\$1,368,787 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:

<b>Year ended June 30:</b>	
2022	\$ (2,060,143)
2023	(2,018,182)
2024	(1,155,775)
2025	(588,462)
2026	(124,439)
	<u>\$ (5,947,001)</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

The actuarial assumptions used in the July 1, 2019 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, 2020</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-2020.

*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, 2020) is determined by the State Treasurer, after consultation with the Directors of the

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate* - The following presents the District's proportionate share of the net pension liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<b>At 1% Decrease (6.00%)</b>	<b>At Current Discount Rate (7.00%)</b>	<b>At 1% Increase (8.00%)</b>
District's proportionate share of the net pension liability	\$ 23,411,178	\$ 18,597,522	\$ 14,513,004

*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, 2020 are as follows:

Deferred outflows of resources	\$ 2,347,583,337
Deferred inflows of resources	7,849,949,467
Net pension liability	16,435,616,426
District's proportion	0.1140435576%

Collective Pension expense for the Local Group for the measurement period ended June 30, 2020 is \$407,705,399.

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, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.16, 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, 2021

**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, 2020 was \$146,771,153. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2021, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2228911690 percent, which was a decrease of 0.0044237608% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$9,126,855 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, 2021

**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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) 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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100%</u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 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, 2020 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, 2021

**6. Pension Plans (continued)**

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

	<b>At 1% Decrease (4.40%)</b>	<b>At Current Discount Rate (5.40%)</b>	<b>At 1% Increase (6.40%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 172,399,908	\$ 146,771,153	\$ 125,490,773

*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, 2020 are as follows:

Deferred outflows of resources	\$ 9,626,548,228
Deferred inflows of resources	14,591,988,841
Net pension liability	65,993,498,688
District's proportion	0.2228911690%

Collective pension expense for the plan for the measurement period ended June 30, 2019 is \$4,099,006,933

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, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 7.99, 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 dependents



Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**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, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay as-you-go" contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 as the State's contribution to fund pay-as-you-go PRM costs. The State's contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2021, 2020, and 2019 were \$2,044,394, \$1,846,185, and \$2,070,368, 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 State of New Jersey Provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2020, the State paid PRM benefits for 143,053 State and local retirees.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**7. Post-Retirement Benefits (continued)**

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

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

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

*Total OPEB Liability*

The nonemployer OPEB liability from New Jersey's plan is \$67,809,962,608.

The following members were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2019</u>
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>366,108</u>

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, 2020 was \$190,735,866, or 0.28%. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**7. Post-Retirement Benefits (continued)**

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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%	
	<u>TPA/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 4.45%	2.00 - 6.00%
	based on years of service	based on age
Thereafter	1.55 - 4.45%	3.00 - 7.00%

**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-2020 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-2020 scale. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational improvements projections from the central year using the MP-2020 scale.

The actuarial assumptions used in the June 30, 2019 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.

**Healthcare Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**7. Post-Retirement Benefits (continued)**

future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For Medicare Part B reimbursement, the trend rate is 5.0%.

**Discount Rate**

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Changes in the Total Nonemployer OPEB Liability**

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

Balance at June 30, 2020	\$ 116,413,621
Increased by:	
Service cost	4,641,582
Interest cost	4,181,068
Changes of assumptions	34,840,888
Member contributions	100,646
Differences between expected and actual experience	<u>33,878,615</u>
	194,056,420
Decreased by:	
Benefit payments	<u>3,320,554</u>
	3,320,554
Balance at June 30, 2021	<u>\$ 190,735,866</u>

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2020 was \$62,781,142 and \$49,428,564, respectively.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**7. Post-Retirement Benefits (continued)**

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 (1.21%)	At Current Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 229,941,931	\$ 190,735,866	\$ 160,080,499

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)	\$ 153,968,423	\$ 190,735,866	\$ 234,517,719

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

For the year ended June 30, 2021, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$8,892,117 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2020 are as follows:

Deferred outflows of resources	\$ 2,193,728,802
Deferred inflows of resources	\$ 19,101,933,244
Collective OPEB expense	\$ 3,337,755,596

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**8. Interfund Receivables and Payables**

The total interfund accounts receivable and payable for the District at June 30, 2021 amounted to \$1,016,404 analyzed as follows:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 824,178	\$ 27,134
Special Revenue Fund		731,538
Capital Projects Fund	27,134	165,092
Debt Service Fund	165,092	
Internal Service Fund		92,640
	<u>\$ 1,016,404</u>	<u>\$ 1,016,404</u>

The interfund payable in the Internal Service Fund in the amount of \$92,640 represents short-term loans from the General Fund at June 30, 2021. The interfund payable in the Special Revenue Fund in the amount of \$731,538 represents short-term loans from the General Fund at June 30, 2021. The interfund payable in the capital projects fund resulted from closing out old referendum projects that were initially funded through bond sale proceeds. All interfunds are expected to be liquidated within one year.

**9. Economic Dependency**

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

**10. Contingent Liabilities**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies. The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**10. Contingent Liabilities (continued)**

Based on potential of disputed unemployment claims we cannot determine accurate liability at year end of June 30, 2021. Therefore, there will be no provision in the financial statements for the unemployment liability.

**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, 2021

**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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$	682,410
Deposit:		
Approved by June 2021 board resolution		375,000
Decrease		
Withdrawal approved by board resolution		65,000
Ending Balance, June 30, 2021	<u>\$</u>	<u>992,410</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, 2021.

**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 elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to



Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**14. Capital Reserve Account (continued)**

N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning balance, July 1, 2020	\$	1,400,000
Deposit:		
Approved by June 2021 board resolution		745,000
Withdrawals:		
Approved by board resolution		500,000
Ending Balance, June 30, 2021	<u>\$</u>	<u>1,645,000</u>

The June 30, 2021 LRFP balance of local support costs of uncompleted projects exceeds the amount set aside in capital reserve.

**15. Unemployment Reserve Account**

An unemployment reserve account was established by the District by transferring \$286,567 to an unemployment reserve from the unemployment fund in 2021 to fund future unemployment claims billed by the state. This reserve was established in the general fund in 2021 resulting from the implementation of GASB Statement No. 84, which required the District to record these funds as governmental activities.

**16. Commitments**

The District has contractual commitments at June 30, 2021 to various vendors, which are recorded in the general fund and special revenue fund in the amount of \$53,579 and \$583,467, respectively.

During fiscal year 2021, the New Jersey Department of Labor has been delayed in issuing bills to New Jersey governmental units and as such the District has not been billed for any quarters during the fiscal year. Unemployment claims for the fiscal year are estimated to be approximately \$235,473, however, it is expected that the Federal Government through the CARES act will reimburse the State of New Jersey between 50 and 75 percent of all claims incurred. Since the District has not received a bill related to fiscal year 2021, and the amounts due are not known, no provision has been made in the District's financial statements for any liability.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**17. Transfers**

The following presents a reconciliation of transfers during the year ended June 30, 2021:

	<u>In</u>	<u>Out</u>
Debt Service Fund	\$ 164,949	
Capital Projects Fund		\$ 164,949
	<u>\$ 164,949</u>	<u>\$ 164,949</u>

The transfer from the capital projects fund to the debt service fund represents closing out old referendum projects that were initially funded through bond sale proceeds.

**18. Change in Accounting Principle / Restatement**

Effective in the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities as described in the recently issued accounting pronouncements footnote above. The implementation of this Statement required a restatement of prior year fund balance and net position in the Governmental-wide and governmental fund financial statements.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**18. Change in Accounting Principle / Restatement (continued)**

Beginning General Fund Budgetary Fund Balance Per Schedule C-1 at June 30, 2020	\$ 5,087,504
General Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Unemployment compensation net position	<u>286,459</u>
Beginning General Fund Budgetary Fund Balance Per Schedule C-1 at June 30, 2020 (as restated)	<u>\$ 5,373,963</u>
Beginning Special Revenue Budgetary and Modified Accrual Fund Balances Per Schedules B-2, C-2 and E-1 at June 30, 2020	\$ -
Special Revenue Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Scholarship net position	147,374
Due to student groups	<u>235,211</u>
Total	<u>382,585</u>
Beginning Special Revenue Fund Budgetary Fund Balance Per Schedules E-1 and C-2 at June 30, 2020 (as restated)	<u>\$ 382,585</u>
Beginning General Fund Modified Accrual Fund Balance Per Schedule B-2 at June 30, 2020	\$ 4,613,803
General Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Unemployment compensation net position	<u>286,459</u>
Beginning General Fund Modified Accrual Fund Balance - June 30, 2020 (as restated)	<u>\$ 4,900,262</u>
Beginning Full Accrual Net Position Per Schedule A-2 at June 30, 2020	\$ 2,588,317
Adjustments to Governmental Activities Net Position	
Recognition of the Following June 30, 2020 Balances:	
Unemployment compensation net position	286,459
Scholarship net position	147,374
Due to student groups	<u>235,211</u>
Total	<u>669,044</u>
Beginning Full Accrual Governmental Activities Net Position Per Schedule A-2 at June 30, 2020 (as restated)	<u>\$ 3,257,361</u>

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, 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	Year Ended June 30, 2021
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	0.0969028258%	0.1028722510%	0.1036174300%	0.1116781800%	0.1103678221%	0.1145648379%	0.1170960866%	0.1140435576%
District's proportionate share of the net pension liability (asset)	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	\$ 18,597,522
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	\$ 8,592,199
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	279.71%	275.77%	312.83%	448.72%	329.81%	274.43%	258.40%	216.45%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	48.72%	48.62%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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, 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	Year Ended June 30, 2021
Contractually required contribution	\$ 769,696	\$ 783,546	\$ 730,143	\$ 848,064	\$ 890,832	\$ 992,133	\$ 1,022,440	\$ 1,139,006	\$ 1,247,581	\$ 1,368,787
Contributions in relation to the contractually required contribution	(769,696)	(783,546)	(730,143)	(848,064)	(890,832)	(992,133)	(1,022,440)	(1,139,006)	(1,247,581)	(1,368,787)
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	\$ 6,573,606	\$ 6,621,053	\$ 6,984,188	\$ 7,435,341	\$ 7,371,084	\$ 7,789,867	\$ 8,219,717	\$ 8,165,284	\$ 8,374,916	\$ 8,592,199
Contributions as a percentage of covered-employee payroll	11.71%	11.83%	10.45%	11.41%	12.09%	12.74%	12.44%	13.95%	14.90%	15.93%

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, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2021
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2337903127%	0.2331988423%	0.2283053466%	0.2217197462%	0.2273149298%	0.2228911690%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 147,765,461	\$ 183,449,057	\$ 153,931,697	\$ 141,053,340	\$ 139,505,318	\$ 146,771,153
Total proportionate share of the net pension liability (asset) associated with the District	<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>	<u>\$ 146,771,153</u>
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

\* 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

*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, 2021	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 -	0.27%	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	\$ 190,735,866	\$ 116,413,621	\$ 130,117,964	\$ 151,193,397
Total proportionate share of the OPEB liability associated with the District	<u>\$ 190,735,866</u>	<u>\$ 116,413,621</u>	<u>\$ 130,117,964</u>	<u>\$ 151,193,397</u>
Beginning Balance	\$ 116,413,621	\$ 130,117,964	\$ 151,193,397	\$ 163,661,392
Increased by:				
Service cost	4,641,582	4,604,429	5,187,247	\$ 6,248,357
Interest cost	4,181,068	5,147,295	5,538,829	4,794,700
Changes of assumptions	34,840,888	1,735,737		
Differences between expected and actual experience	33,878,615			
Member Contributions	100,646	105,930	120,250	128,951
	<u>194,056,420</u>	<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	<u>3,320,554</u>	<u>3,573,551</u>	<u>3,479,308</u>	<u>3,501,960</u>
	3,320,554	25,297,734	31,921,759	23,640,003
Ending Balance	<u>\$ 190,735,866</u>	<u>\$ 116,413,621</u>	<u>\$ 130,117,964</u>	<u>\$ 151,193,397</u>
Covered by employee payroll	\$ 33,760,253	\$ 32,895,329	\$ 31,860,299	\$ 32,227,033
Total OPEB liability as a percentage of covered employee payroll.	564.97%	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, 2021**

**1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

*Benefit Changes*

There were none.

*Changes of Assumptions*

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

**2. TEACHERS PENSION AND ANNUITY FUND**

*Benefit Changes*

There were none.

*Changes of Assumptions*

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

**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 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

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, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 47,221,415		\$ 47,221,415	\$ 47,221,415	
Tuition	2,279,155		2,279,155	2,200,668	\$ (78,487)
Interest Income				11,161	11,161
Interest earned on maintenance reserve	50		50		(50)
Interest earned on capital reserve funds	100		100		(100)
Investment income				59,415	59,415
Other restricted miscellaneous revenues				108	108
Miscellaneous	45,000		45,000	81,523	36,523
Total revenues - local sources	49,545,720	-	49,545,720	49,574,290	28,570
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	989,303		989,303	989,303	
Categorical Transportation Aid	1,989,096		1,989,096	1,989,096	
Extraordinary Aid	550,000		550,000	1,709,364	1,159,364
On-behalf TPAF pension contributions (non-budgeted)				6,523,598	6,523,598
On-behalf TPAF post-retirement medical contributions (non-budgeted)				2,044,394	2,044,394
On-behalf TPAF long-term disability ins contributions (non-budgeted)				3,332	3,332
Reimbursed TPAF social security contributions (non-budgeted)				1,674,932	1,674,932
Other state aid- Non public transportation				11,600	11,600
Total - state sources	5,858,139	-	5,858,139	17,275,359	11,417,220
Federal sources:					
Medical Assistance Program	83,384		83,384	140,345	56,961
Total - federal sources	83,384	-	83,384	140,345	56,961
Total revenues	55,487,243	-	55,487,243	66,989,994	11,502,751
<b>Expenditures</b>					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	729,484	\$ (90,982)	638,502	626,990	11,512
Grades 1-5	5,371,910	7,570	5,379,480	5,360,484	18,996
Grades 6-8	3,595,136	(239,841)	3,355,295	3,345,885	9,410
Grades 9-12	5,279,038	28,470	5,307,508	5,279,325	28,183
	14,975,568	(294,783)	14,680,785	14,612,684	68,101
Home instruction:					
Salaries of teachers	85,000	(68,517)	16,483	2,016	14,467
Purchased professional educational services	30,000		30,000	10,072	19,928
Other purchased services	600		600		600
	115,600	(68,517)	47,083	12,088	34,995
Undistributed instruction-regular programs					
Unused vacation payment to terminated/retired staff					
		69,996	69,996	68,931	1,065
Other purchased services	12,900		12,900	2,843	10,057
General supplies	404,420	40,128	444,548	410,359	34,189
Textbooks	187,933	14,895	202,828	196,929	5,899
Other objects	114,310	24,901	139,211	112,319	26,892
	719,563	149,920	869,483	791,381	78,102
Total instruction - regular programs	15,810,731	(213,380)	15,597,351	15,416,153	181,198

Manchester Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Special education (continued):					
Preschool disabilities - part-time:					
Salaries of teachers	\$ 181,095	\$ 23,953	\$ 205,048	\$ 197,885	\$ 7,163
Other salaries for instruction	169,000	26,519	195,519	189,272	6,247
General supplies	2,670		2,670	1,929	741
Other objects	1,600		1,600	551	1,049
Total preschool disabilities - part-time	354,365	50,472	404,837	389,637	15,200
Learning and/or language disabilities:					
Salaries of teachers	363,104	(127,198)	235,906	227,042	8,864
Other salaries for instruction	1,627,723	(90,631)	1,537,092	1,527,008	10,084
Unused vacation payment to terminated/retired staff		3,842	3,842	2,255	1,587
General supplies	6,320	2,318	8,638	5,242	3,396
Textbooks	950		950	450	500
Total learning and/or language disabilities	1,998,097	(211,669)	1,786,428	1,761,997	24,431
Multiple disabilities:					
Salaries of teachers	196,314	516	196,830	194,385	2,445
Other salaries for instruction	273,940	(19,482)	254,458	253,778	680
General supplies	3,000	50	3,050	2,493	557
Other objects	200		200		200
Total multiple disabilities	473,454	(18,916)	454,538	450,656	3,882
Autism					
Salaries of teachers	297,630	(6,619)	291,011	287,825	3,186
Other Salaries for Instruction	277,239	(22,588)	254,651	242,207	12,444
Unused vacation payment to terminated/retired staff		20,000	20,000	20,000	
General supplies	6,750	150	6,900	5,663	1,237
	581,619	(9,057)	572,562	555,695	16,867
Resource room/center:					
Salaries of teachers	2,646,756	485,186	3,131,942	3,109,576	22,366
Unused vacation payment to terminated/retired staff		40,000	40,000	40,000	
General supplies	10,255	61	10,316	6,997	3,319
Textbooks	1,900		1,900	900	1,000
Total resource room/center	2,658,911	525,247	3,184,158	3,157,473	26,685
Total special education	6,066,446	336,077	6,402,523	6,315,458	87,065

Manchester Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2021

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Bilingual education:					
Salaries of teachers	\$ 170,169		\$ 170,169	\$ 170,169	
Other purchased services	750		750	735	\$ 15
Other objects	250		250		250
Total bilingual education	<u>171,169</u>		<u>171,169</u>	<u>170,904</u>	<u>265</u>
School - sponsored cocurricular activities:					
Salaries	229,965	\$ (16,633)	213,332	180,589	32,743
Supplies and materials	4,500	2,500	7,000	5,884	1,116
Other objects	11,900		11,900	7,500	4,400
Total school - sponsored cocurricular activities	<u>246,365</u>	<u>(14,133)</u>	<u>232,232</u>	<u>193,973</u>	<u>38,259</u>
School - sponsored athletics - instruction:					
Salaries	550,000	7,207	557,207	554,541	2,666
Purchased services	15,000		15,000	12,300	2,700
Supplies and materials	83,150	14,881	98,031	94,506	3,525
Other objects	93,850	(25,131)	68,719	54,498	14,221
Total school - sponsored athletics - instruction	<u>742,000</u>	<u>(3,043)</u>	<u>738,957</u>	<u>715,845</u>	<u>23,112</u>
Other instructional programs:					
Salaries	226,934	7,294	234,228	224,174	10,054
Total other instructional programs	<u>226,934</u>	<u>7,294</u>	<u>234,228</u>	<u>224,174</u>	<u>10,054</u>
Total instruction	<u>23,263,645</u>	<u>112,815</u>	<u>23,376,460</u>	<u>23,036,507</u>	<u>339,953</u>

Manchester Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	\$ 165,979	\$ 36,452	\$ 202,431	\$ 202,431	
Tuition to other LEAs within the state-regular		57,309	57,309	57,309	
Tuition to County Voc. School Dist.- Regular	198,900	(8,382)	190,518	187,731	\$ 2,787
Tuition to CSSD and regional day schools	1,148,900	210,481	1,359,381	1,359,381	
Tuition to private school for the handicapped - within state	1,342,900	129,526	1,472,426	1,472,425	1
Tuition - state facilities	4,500		4,500	4,500	
Tuition - other	25,900	18,700	44,600	42,923	1,677
Total undistributed instruction-tuition	2,887,079	444,086	3,331,165	3,326,700	4,465
Attendance and social work services:					
Salaries	32,212		32,212	32,212	
Other objects	18,000	83	18,083	18,083	
Total attendance and social work service	50,212	83	50,295	50,295	-
Health services:					
Salaries	464,850	147	464,997	463,722	1,275
Unused vacation payment to terminated/retired staff		20,000	20,000	20,000	
Purchased professional and technical services	48,850	(22,584)	26,266	10,554	15,712
Supplies and materials	14,060	(3,638)	10,422	9,037	1,385
Total health services	527,760	(6,075)	521,685	503,313	18,372
Other support services - students -					
Speech,OT,PT, & Related Services:					
Salaries	488,732	(12,890)	475,842	475,244	598
Supplies and materials	2,750		2,750	1,778	972
Total other support services - students - related services	491,482	(12,890)	478,592	477,022	1,570
Other support services - students - extra services:					
Salaries	27,441	(27,263)	178		178
Purchased professional educational services	4,699	1,648	6,347	4,326	2,021
Supplies and materials	2,475	(1,200)	1,275	1,238	37
Other objects	450		450		450
Total other support services - students - extra services	35,065	(26,815)	8,250	5,564	2,686

Manchester Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2021

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Guidance:					
Salaries of other professional staff	\$ 869,449	\$ (27,780)	\$ 841,669	\$ 838,942	\$ 2,727
Salaries of secretarial and clerical assts.	111,856	11,995	123,851	121,967	1,884
Other objects	5,500	(784)	4,716	1,298	3,418
Total guidance	986,805	(16,569)	970,236	962,207	8,029
Child Study Teams:					
Salaries of other professional staff	1,073,943	4,943	1,078,886	1,076,886	2,000
Salaries of secretarial and clerical assts.	138,372		138,372	138,372	
Purchased professional - educational services	284,000	(199,611)	84,389	65,073	19,316
Other purchased services	8,000	(296)	7,704	3,918	3,786
Supplies and materials	3,780		3,780	2,069	1,711
Other objects	27,100	351	27,451	21,565	5,886
Total child study teams	1,535,195	(194,613)	1,340,582	1,307,883	32,699
Improvement of instructional services:					
Salaries of supervisors of instruction	475,651		475,651	475,651	
Salaries of other professional staff	306,771	9,760	316,531	316,531	
Salaries of secretarial and clerical assts	94,770		94,770	94,770	
Supplies and materials	15,000	5,500	20,500	17,894	2,606
Other objects	20,600		20,600	17,935	2,665
Total improvement of instructional services	912,792	15,260	928,052	922,781	5,271
Educational media services/ school library:					
Salaries	379,126	850	379,976	379,976	
Supplies and materials	31,077	197	31,274	24,576	6,698
Total educational media services/ school library	410,203	1,047	411,250	404,552	6,698

Manchester Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional staff training services:					
Salaries of other professional staff	\$ 24,256	\$ 3,444	\$ 27,700	\$ 27,700	
Other purchased services	1,000		1,000	359	\$ 641
Other objects	62,750	(10,000)	52,750	40,660	12,090
Total instructional staff training services	88,006	(6,556)	81,450	68,719	12,731
Support services-general administration:					
Salaries	239,103		239,103	239,103	
Purchased professional services	128,000	(38,500)	89,500	88,630	870
Other purchased professional services	8,500	83,592	92,092	52,323	39,769
Communications/telephone	53,000	(11,988)	41,012	24,778	16,234
BOE other purchased services	36,575		36,575	23,188	13,387
Other purchased services	85,000	(18,000)	67,000	64,908	2,092
BOE membership dues and fees	27,000		27,000	23,900	3,100
Miscellaneous expenditures	25,200	(6,000)	19,200	11,162	8,038
Total support services-general administration	602,378	9,104	611,482	527,992	83,490
Support services-school administration:					
Salaries of principals/assistant principals	1,266,194	(43,722)	1,222,472	1,220,623	1,849
Salaries of secretarial and clerical assistants	757,537	10,189	767,726	757,180	10,546
Unused vacation payment to terminated/retired staff		20,811	20,811	20,811	
Total support services-school administration	2,023,731	(12,722)	2,011,009	1,998,614	12,395
Undistributed expenditures-Central services:					
Salaries	479,132	(7,253)	471,879	470,295	1,584
Unused vacation payment to terminated/retired staff		1,617	1,617	1,617	
Miscellaneous purchased services	13,500	(4,000)	9,500	3,440	6,060
Miscellaneous expenditures	83,200	8,996	92,196	89,906	2,290
Total undistributed expenditures-central services	575,832	(640)	575,192	565,258	9,934
Undistributed expenditures-Admin. info tech.:					
Salaries	274,288	18,573	292,861	291,667	1,194
Other purchased services	41,000	69	41,069	41,069	
Supplies and materials	50,000	87,770	137,770	126,797	10,973
Other Objects	9,000		9,000	8,000	1,000
Total undistributed expenditures-admin. info. technology	374,288	106,412	480,700	467,533	13,167
Required maintenance for school facilities:					
Salaries	176,250	1,600	177,850	171,927	5,923
Cleaning, repair and maintenance services	531,858	214,263	746,121	730,083	16,038
General supplies	11,000		11,000	9,465	1,535
Total required maintenance for school facilities	719,108	215,863	934,971	911,475	23,496



Manchester Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Operations and maintenance of plant services:					
Custodial Services					
Salaries	\$ 1,427,897	\$ 5,527	\$ 1,433,424	\$ 1,396,413	\$ 37,011
Unused vacation payment to retirees		32,280	32,280	32,063	217
Cleaning, repair and maintenance services	317,360	(43,663)	273,697	242,744	30,953
Other purchased property services	143,500	3,083	146,583	127,801	18,782
Insurance	625,000	(21,616)	603,384	597,413	5,971
General supplies	134,000	4,078	138,078	132,803	5,275
Energy (Electricity)	131,750	16,761	148,511	130,471	18,040
Energy (Natural Gas)	680,500	(54,829)	625,671	474,443	151,228
Energy (Oil)	13,000	5,605	18,605	13,503	5,102
Other objects	114,900	11,140	126,040	117,431	8,609
Total custodial services	3,587,907	(41,634)	3,546,273	3,265,085	281,188
Care and Upkeep of Grounds:					
Salaries	236,908	224	237,132	232,043	5,089
General Supplies	52,270	(100)	52,170	50,653	1,517
Total care and upkeep of grounds	289,178	124	289,302	282,696	6,606
Security:					
Salaries	145,057	21,169	166,226	166,226	
Purchased professional and technical	13,500	2,500	16,000	15,925	75
Total security	158,557	23,669	182,226	182,151	75
Total operation and maintenance of plant services and required maintenance	4,754,750	198,022	4,952,772	4,641,407	311,365
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - regular	1,427,836	(69,985)	1,357,851	1,336,092	21,759
Between home and school - special	404,788	(28,499)	376,289	358,739	17,550
Other than between home and school-	454,064	(58,421)	395,643	381,572	14,071
Unused vacation payment to terminated/retired		9,534	9,534	9,291	243
Lease purchase payments-buses	442,462		442,462	436,581	5,881
Contracted services:					
Aid in lieu	48,000		48,000	34,152	13,848
Special ed. Vendors	918,000	(135,044)	782,956	649,244	133,712
General supplies	247,000	(13,690)	233,310	168,817	64,493
Miscellaneous purchased services	76,500		76,500	44,648	31,852
Transportation supplies	170,000		170,000	101,471	68,529
Other objects	48,800	15,089	63,889	44,999	18,890
Total student transportation services	4,237,450	(281,016)	3,956,434	3,565,606	390,828
Unallocated benefits:					
Social security contributions	870,000		870,000	854,191	15,809
Other retirement contributions-regular	1,085,000		1,085,000	1,082,581	2,419
Health benefits	9,429,964	(425,482)	9,004,482	8,640,204	364,278
Tuition reimbursement	90,000		90,000	37,560	52,440
Total unallocated benefits	11,474,964	(425,482)	11,049,482	10,614,536	434,946

Manchester Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
On-behalf TPAF pension contributions (non-budgeted)				\$ 6,523,598	\$ (6,523,598)
On-behalf TPAF post-retirement contributions (non-budgeted)				2,044,394	(2,044,394)
On-behalf TPAF long-term disability ins contributions (non-budgeted)				3,332	(3,332)
Reimbursed TPAF social security contributions (non-budgeted)				1,674,932	(1,674,932)
Interest deposit to maintenance reserve	\$ 50	\$ -	\$ 50		50
Total undistributed expenditures	<u>31,968,042</u>	<u>\$ (209,364)</u>	<u>31,758,678</u>	<u>40,656,238</u>	<u>(8,897,560)</u>
Total expenditures - current	<u>55,231,687</u>	<u>(96,549)</u>	<u>55,135,138</u>	<u>63,692,745</u>	<u>(8,557,607)</u>
Capital outlay:					
Equipment:					
Grades 9-12		43,991	43,991	43,991	
Undistributed expenditures:					
Support services - students-spec.	1,700	(1,700)			
Admin Info Tech.	323,913	(298,476)	25,437	25,437	
Non-instructional equipment		32,527	32,527	32,527	
Non-instructional services	230,000	932,007	1,162,007	1,037,843	124,164
Total equipment	<u>555,613</u>	<u>708,349</u>	<u>1,263,962</u>	<u>1,139,798</u>	<u>124,164</u>
Facilities acquisition and construction services:					
Assessment for Debt Service on SDA funding	165,633		165,633	165,633	
Total facilities acquisition and construction services	<u>165,633</u>	<u>-</u>	<u>165,633</u>	<u>165,633</u>	
Assets acquired under capital leases (non-budgeted)					
				809,500	(809,500)
				<u>809,500</u>	<u>(809,500)</u>
Interest deposit to capital reserve	100	-	100		100
Total expenditures - capital outlay	<u>721,346</u>	<u>708,349</u>	<u>1,429,695</u>	<u>2,114,931</u>	<u>124,264</u>

Manchester Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Total expenditures	\$ 55,953,033	\$ 611,800	\$56,564,833	\$ 65,807,676	\$ (9,242,843)
(Deficiency) excess of revenues (under) over expenditures	(465,790)	(611,800)	(1,077,590)	1,182,318	2,259,908
Other financing sources:					
Capital leases (non-budgeted)				809,500	809,500
Total other financing sources				809,500	809,500
 (Deficiency) excess of revenues (under) over expenditures and other financing sources	 (465,790)	 (611,800)	 (1,077,590)	 1,991,818	 3,069,408
Fund balances, July 1 - Restated	5,373,963		5,373,963	5,373,963	
Fund balances, June 30	\$ 4,908,173	\$ (611,800)	\$ 4,296,373	\$ 7,365,781	\$ 3,069,408
 <b>Recapitulation of (deficiency) excess of revenues (under) over expenditures</b>					
Budgeted fund balance	\$ (465,790)		\$ (465,790)	\$ 2,603,618	\$ 3,069,408
Withdrawal capital reserve		\$ (500,000)	(500,000)	(500,000)	
Withdrawal maintenance reserve		(65,000)	(65,000)	(65,000)	
Adjustment for prior year encumbrances		(46,800)	(46,800)	(46,800)	
Total	\$ (465,790)	\$ (611,800)	\$ (1,077,590)	\$ 1,991,818	\$ 3,069,408
 Recapitulation of fund balance:					
Assigned to:					
Year end encumbrances				\$ 53,579	
Designated for subsequent years expenditures				355	
Designated for subsequent years expenditures - FFCRA/SEMI				10,296	
Restricted for:					
Excess surplus-current year				244,745	
Designated for subsequent years expenditures - prior year excess surplus				771,788	
Unemployment Liability Reserve				286,567	
Maintenance Reserve				992,410	
Capital Reserve				1,645,000	
Unassigned fund balance				3,361,041	
				<u>7,365,781</u>	
Reconciliation to Government Funds Statements					
GAAP:					
Last two state aid payments not recognized on GAAP basis				(492,339)	
Solar Renewable Energy Credits (SREC) Income				(5,359)	
Fund balance per Government Funds (GAAP)				<u>\$ 6,868,083</u>	

Manchester Township School District  
Special Revenue Fund

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

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 3,946,455	\$ 299,734	\$ 4,246,189	\$ 3,419,030	\$ (827,159)
Local sources	9,750	693,997	703,747	306,830	(396,917)
Total revenues	<u>3,956,205</u>	<u>993,731</u>	<u>4,949,936</u>	<u>3,725,860</u>	<u>(1,224,076)</u>
<b>Expenditures:</b>					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	433,632	(18,555)	415,077	261,000	154,077
Other salaries for instruction	116,876	99,041	215,917	214,418	1,499
Tuition	630,850	135,581	766,431	766,431	
Purchased professional services	89,307	1,676	90,983	87,658	3,325
Other purchased services	23,650	1,535	25,185	25,185	
Supplies and materials	993,452	81,471	1,074,923	1,019,868	55,055
Total instruction	<u>2,287,767</u>	<u>300,749</u>	<u>2,588,516</u>	<u>2,374,560</u>	<u>213,956</u>
Support services:					
Salaries - professional staff	20,354	(22)	20,332	3,978	16,354
Personal services-employee benefits	137,645	(3,534)	134,111	121,105	13,006
Other purchased services	5,000	(1,270)	3,730	2,400	1,330
Purchased professional services	253,893	69,250	323,143	322,733	410
General supplies	451,244	4,809	456,053	351,414	104,639
Scholarships Awarded		148,756	148,756	11,500	137,256
Student Activities		474,993	474,993	271,838	203,155
Total support services	<u>868,136</u>	<u>692,982</u>	<u>1,561,118</u>	<u>1,084,968</u>	<u>476,150</u>
Capital Outlay:					
Non instructional equipment	800,302		800,302	308,506	491,796
Total capital outlay	<u>800,302</u>	<u>-</u>	<u>800,302</u>	<u>308,506</u>	<u>491,796</u>
Total expenditures	<u>3,956,205</u>	<u>993,731</u>	<u>4,949,936</u>	<u>3,768,034</u>	<u>1,181,902</u>
(Deficiency) of Revenues (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,174)</u>	<u>(42,174)</u>
Fund Balance, July 1 - Restated				<u>382,585</u>	
Fund Balance, June 30				<u>\$ 340,411</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 137,256	
Student Activities				203,155	
Total Fund Balance				<u>\$ 340,411</u>	

Note to Required Supplementary Information

Manchester Township School District  
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures		
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 66,989,994	\$ 3,725,860
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(583,467)
State aid payments recognized for GAAP statements in the current year, not previously recognized	(492,339)	
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).	504,709	
Prior year adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accrual basis.	(31,008)	
Current year adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accrual basis.	<u>(5,359)</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 66,965,997</u>	<u>\$ 3,142,393</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 65,807,676	\$ 3,768,034
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(583,467)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 65,807,676</u>	<u>\$ 3,184,567</u>

## Supplementary Information

## Special Revenue Fund



Manchester Township School District  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures – Budgetary Basis

Year ended June 30, 2021

	Title I Part A		I.D.E.A.		Title II	Title IV	Elementary and Secondary School Emergency Relief	Elementary and Secondary School Emergency Relief	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Learning Acceleration Grant Program	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Mental Health Grant Program	Coronavirus Relief Fund (CRF) School Reopening and Remote Learning	NJSIG Security Grant	MTEF Grant	Other Local Grants	Scholarship Fund	Student Activity Fund	Totals
	Title I Part A	Carryover	Part B Regular	Part B Preschool	Part A	Part A	Funds ESSER Grant Program	ESSRR II Grant Program									
Revenues:																	
Federal sources	\$ 583,042	\$ 6,282	\$ 732,953	\$ 33,478	\$ 83,097	\$ 42,843	\$ 491,932	\$ 1,163,855	\$ 44,669	\$ 42,835	\$ 194,044						\$ 3,419,030
Local sources												\$ 58,751	\$ 1,593	\$ 5,322	\$ 1,382	\$ 239,782	306,830
Total revenues	\$ 583,042	\$ 6,282	\$ 732,953	\$ 33,478	\$ 83,097	\$ 42,843	\$ 491,932	\$ 1,163,855	\$ 44,669	\$ 42,835	\$ 194,044	\$ 58,751	\$ 1,593	\$ 5,322	\$ 1,382	\$ 239,782	\$ 3,725,860
Expenditures:																	
Current expenditures:																	
Instruction:																	
Salaries:																	
Salaries of teachers	\$ 245,000				\$ 16,000												\$ 261,000
Other salaries for instruction	214,418																214,418
Tuition			\$ 732,953	\$ 33,478													766,431
Purchased professional services							\$ 67,038	\$ 11,340		\$ 9,280							87,658
Other purchased services							25,185										25,185
Supplies and materials							189,000	738,413	\$ 3,149	3,240	\$ 20,400	\$ 58,751	\$ 1,593	\$ 5,322			1,019,868
Total instruction	459,418	-	732,953	33,478	16,000	-	281,223	749,753	3,149	12,520	20,400	58,751	1,593	5,322			2,374,560
Support services:																	
Salaries - professional staff	3,978																3,978
Personal services - employee benef	114,705				6,400												121,105
Purchased professional services		6,282			60,697	42,843		145,496	39,500	27,915							322,733
Other purchased services										2,400							2,400
General supplies	4,941						210,709	900	2,020		132,844						351,414
Scholarships Awarded															\$ 11,500		11,500
Student Activities																\$ 271,838	271,838
Total support services	123,624	6,282	-	-	67,097	42,843	210,709	146,396	41,520	30,315	132,844				11,500	\$ 271,838	1,084,968
Capital outlay:																	
Facilities acquisition and construction services:																	
Non instructional equipment								267,706				40,800					308,506
Total facilities acquisition and construction services								267,706				40,800					308,506
Total expenditures	\$ 583,042	\$ 6,282	\$ 732,953	\$ 33,478	\$ 83,097	\$ 42,843	\$ 491,932	\$ 1,163,855	\$ 44,669	\$ 42,835	\$ 194,044	\$ 58,751	\$ 1,593	\$ 5,322	\$ 11,500	\$ 271,838	\$ 3,768,034
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,118)	(32,056)	(42,174)
Fund Balance, July 1 - Restated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	147,374	235,211	382,585
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,256	\$ 203,155	\$ 340,411

## 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, 2021

	<b>Current Year</b>
<b>Revenues and Other Financing Sources</b>	
Revenue from Other Sources	\$ -
Total Revenues and Other Financing Sources	-
 <b>Expenditures and Other Financing Uses</b>	
Transferred to Debt Service	164,949
Construction Services	214,605
Total Expenditures and Other Financing Uses	379,554
 (Deficiency) of Revenues (Under) Expenditures	
	(379,554)
Fund Balance, July 1	379,554
Fund Balance, June 30	\$ -
 <u>Reconciliation of budgetary basis to GAAP basis:</u>	
Fund Balance, Budgetary Basis	\$ -
Less: Revenue not recognized on a GAAP basis	
Fund Balance - June 30, 2020 GAAP Basis	\$ -

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, 2021

	Prior Periods	Current Year	Totals	Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 5,641,085		\$ 5,641,085	\$ 5,641,085
Bond Sale Proceeds	9,605,000		9,605,000	9,605,000
Transfers from Other Referendum Projects		\$ 155,088	155,088	155,088
Total Revenues	<u>15,246,085</u>	<u>155,088</u>	<u>15,401,173</u>	<u>15,401,173</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional Services	1,199,583		1,199,583	
Construction Services	13,666,948	214,605	13,881,553	
Transfers Out		320,037	320,037	
Total Expenditures	<u>14,866,531</u>	<u>534,642</u>	<u>15,401,173</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 379,554</u>	<u>\$ (379,554)</u>	<u>\$ -</u>	<u>\$ 15,401,173</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, 2021

	Prior Periods	Current Year	Totals	Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 825,604		\$ 825,604	\$ 825,604
Bond Sale Proceeds	1,433,665		1,433,665	1,433,665
Transfers from Other Referendum Projects				
Total Revenues	<u>2,259,269</u>	<u>-</u>	<u>2,259,269</u>	<u>2,259,269</u>
<b>Expenditures and Other Financing</b>				
Purchased Professional Services	166,898		166,898	
Construction Services	1,922,685		1,922,685	
Transfers Out		\$ 169,686	169,686	
Total Expenditures	<u>2,089,583</u>	<u>169,686</u>	<u>2,259,269</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 169,686</u>	<u>\$ (169,686)</u>	<u>\$ -</u>	<u>\$ 2,259,269</u>
<b>Additional project information</b>				
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, 2020			

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, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 723,538		\$ 723,538	\$ 723,538
Bond Sale Proceeds	1,241,739		1,241,739	1,241,739
Transfers from Other Referendum Projects				
Total Revenues	<u>1,965,277</u>	<u>-</u>	<u>1,965,277</u>	<u>1,965,277</u>
<b>Expenditures and Other Financing</b>				
Purchased Professional Services	137,067		137,067	
Construction Services	1,720,097		1,720,097	
Transfers Out		\$ 108,113	108,113	
Total Expenditures	<u>1,857,164</u>	<u>108,113</u>	<u>1,965,277</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 108,113</u>	<u>\$ (108,113)</u>	<u>\$ -</u>	<u>\$ 1,965,277</u>
<b>Additional project information</b>				
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, 2020			

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, 2021

	Prior Periods	Current Year	Totals	Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 645,469		\$ 645,469	\$ 645,469
Bond Sale Proceeds	1,122,945		1,122,945	1,122,945
Transfers from Other Referendum Projects				
Total Revenues	<u>1,768,414</u>	<u>-</u>	<u>1,768,414</u>	<u>1,768,414</u>
<b>Expenditures and Other Financing</b>				
Purchased Professional Services	193,044		193,044	
Construction Services	1,533,132		1,533,132	
Transfers Out		\$ 42,238	42,238	
Total Expenditures	<u>1,726,176</u>	<u>42,238</u>	<u>1,768,414</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 42,238</u>	<u>\$ (42,238)</u>	<u>\$ -</u>	<u>\$ 1,768,414</u>
<b>Additional project information</b>				
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, 2020			

Manchester Township School District  
Capital Projects Fund

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

Referendum Project - Manchester Township Middle School

From Inception and for the year ended June 30, 2021

	Prior Periods	Current Year	Totals	Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,778,713		\$ 1,778,713	\$ 1,778,713
Bond Sale Proceeds	2,932,586		2,932,586	2,932,586
Transfers from Other Referendum Projects		\$ 155,088	155,088	155,088
Total Revenues	<u>4,711,299</u>	<u>155,088</u>	<u>4,866,387</u>	<u>4,866,387</u>
<b>Expenditures and Other Financing</b>				
Purchased Professional Services	396,006		396,006	
Construction Services	4,255,776	\$ 214,605	4,470,381	
Transfers Out				
Total Expenditures	<u>4,651,782</u>	<u>214,605</u>	<u>4,866,387</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 59,517</u>	<u>\$ (59,517)</u>	<u>\$ -</u>	<u>\$ 4,866,387</u>
<b>Additional project information</b>				
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	632			
Revised Authorized Cost	4,866,387			
Percentage Increase over Original				
Authorized Cost	0.01%			
Percentage completion	100.00%			
Original target completion date	September 2016			
Revised target completion date	July 1, 2020			



Manchester Township School District  
Capital Projects Fund

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

Referendum Project - Manchester Township HighSchool

From Inception and for the year ended June 30, 2021

	Prior Periods	Current Year	Totals	Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,667,761		\$ 1,667,761	\$ 1,667,761
Bond Sale Proceeds	2,874,065		2,874,065	2,874,065
Transfers from Other Referendum Projects				
Total Revenues	<u>4,541,826</u>	<u>-</u>	<u>4,541,826</u>	<u>4,541,826</u>
<b>Expenditures and Other Financing</b>				
Purchased Professional Services	306,567		306,567	
Construction Services	4,235,259		4,235,259	
Transfers Out				
Total Expenditures	<u>4,541,826</u>	<u>-</u>	<u>4,541,826</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,541,826</u>
<b>Additional project information</b>				
Project number	2940-040-14-1001 and 2940-040-14-1002			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 2,874,065			
Bonds Issued	2,874,065			
Original Authorized Cost	\$ 4,429,747			
Additional Authorized Cost	112,079			
Revised Authorized Cost	4,541,826			
Percentage Increase over Original				
Authorized Cost	2.53%			
Percentage completion	100.00%			
Original target completion date	September 2016			
Revised target completion date	July 1, 2020			

Manchester Township School District  
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2021

Issue/Project Title	Revised Appropriations	Expenditures to Date		Closed Out Projects Funds Transferred Out to Other Referendum Projects	Closed Out Projects Funds Transferred Out to Debt Service Fund	Unexpended Balance
		Prior Year	Current Year			
Referendum Project - Various Improvements - 2014	\$ 15,401,173	\$ 14,866,531	\$ 214,605	\$ (155,088)	\$ (164,949)	\$ -
	<u>\$ 15,401,173</u>	<u>\$ 14,866,531</u>	<u>\$ 214,605</u>	<u>\$ (155,088)</u>	<u>\$ (164,949)</u>	<u>\$ -</u>
<u>2014 Referendum Project:</u>						
Bond and note proceeds	\$ 9,605,000					
State Share	5,796,173					
Total referendum	<u>\$ 15,401,173</u>					

## Internal Service Funds

Manchester Township School District  
Internal Service Funds

Combining Statement of Net Position

June 30, 2021

	<b>SAT Prep Fund</b>	<b>Transportation Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 990		\$ 990
Other receivables		\$ 166,127	166,127
Total current assets	\$ 990	\$ 166,127	\$ 167,117
<b>LIABILITIES</b>			
Current liabilities:			
Interfund payable		92,640	92,640
Total current liabilities	-	92,640	92,640
<b>NET POSITION</b>			
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, 2021

	<u>SAT Prep Fund</u>	<u>Transportation Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Services provided to other funds		\$ 302,098	\$ 302,098
Total operating revenues	-	302,098	302,098
Operating expenses:			
Salaries		49,676	49,676
Employee benefits		34,500	34,500
Purchased professional services		177,923	177,923
Other objects		27,500	27,500
Supplies and materials		12,499	12,499
Total operating expenses	-	302,098	302,098
Operating income	-	-	-
Change in net position	-	-	-
Total net position—beginning	990	73,487	74,477
Total net position—ending	\$ 990	\$ 73,487	\$ 74,477

Manchester Township School District  
Internal Service Funds

Combining Statement of Cash Flows

June 30, 2021

	SAT Prep Fund	Transportation Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 85	\$ 325,442	\$ 325,527
Payments to employees		(49,676)	(49,676)
Payments for employee benefits		(34,500)	(34,500)
Payments to suppliers		(217,922)	(217,922)
Net cash provided by (used in) operating activities	<u>85</u>	<u>23,344</u>	<u>23,429</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Receipts and payments (to) other funds		(23,344)	(23,344)
Net cash provided by non-capital financing activities	<u>-</u>	<u>(23,344)</u>	<u>(23,344)</u>
Net increase in cash and cash equivalents	85	-	85
Balances—beginning of year	905	-	905
Balances—end of year	<u>\$ 990</u>	<u>\$ -</u>	<u>\$ 990</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities (used in) operating activities			
Decrease (increase) in accounts receivable	85	23,344	23,429
Total adjustments	<u>85</u>	<u>23,344</u>	<u>23,429</u>
Net cash provided by (used in) operating activities	<u>\$ 85</u>	<u>\$ 23,344</u>	<u>\$ 23,429</u>

Long-Term Debt

Manchester Township School District  
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2020	Retired	Balance June 30, 2021
			Date	Amount				
Refunding Bonds	3/28/2012	\$ 13,525,000	7/15/21	\$ 1,095,000	4.500 %	\$ 7,985,000	\$ 1,095,000	\$ 6,890,000
			7/15/22	1,095,000	4.500			
			7/15/23	1,100,000	5.000			
			7/15/24	1,095,000	3.000			
			7/15/25	850,000	3.000			
			7/15/26	835,000	3.130			
			7/15/27	820,000	3.250			
School Bonds	12/10/2014	9,605,000	3/15/22	600,000	2.250	6,630,000	575,000	6,055,000
			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			
Refunding Bonds	1/14/2020	4,680,000	3/1/22	510,000	3.000	4,680,000	510,000	4,170,000
			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			
						<u>4,680,000</u>	<u>510,000</u>	<u>4,170,000</u>
						<u>\$ 19,295,000</u>	<u>\$ 2,180,000</u>	<u>\$17,115,000</u>



Manchester Township School District  
 Long-Term Debt

Schedule of Obligations Under Capital Leases

Year Ended June 30, 2021

	<b>Interest Rate Payable</b>	<b>Amount of Original Issue</b>	<b>Amount Outstanding July 1, 2020</b>	<b>Issued Current Year</b>	<b>Retired Current Year</b>	<b>Amount Outstanding June 30, 2021</b>
School buses	1.68%	\$ 635,000	\$ 123,000		\$ 60,989	\$ 62,011
School buses and equipment	1.71%	557,250	104,661		34,198	70,463
Bus and Camera System	1.94%	725,000	286,620		93,713	192,907
Buses and textbooks	1.99%	845,000	485,017		93,219	391,798
Technology, Textbooks and Bus	2.19%	1,150,000	920,658		214,838	705,820
Textbooks and Buses	1.65%	809,500		\$ 809,500	138,364	671,136
			<u>\$ 1,919,956</u>	<u>\$ 809,500</u>	<u>\$ 635,321</u>	<u>\$ 2,094,135</u>

Manchester Township School District  
Debt Service Fund

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

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local tax levy	\$ 2,534,674		\$ 2,534,674	\$ 2,534,674	
Interest Income				143	\$ 143
State sources:					
Debt Service Aid	194,100		194,100	194,100	
Total revenues	<u>2,728,774</u>	-	<u>2,728,774</u>	<u>2,728,917</u>	<u>143</u>
Expenditures:					
Principal on bonds	2,180,000		2,180,000	2,180,000	
Interest on bonds	651,719		651,719	651,719	
Total expenditures	<u>2,831,719</u>	-	<u>2,831,719</u>	<u>2,831,719</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(102,945)		(102,945)	(102,802)	143
Other financing sources:					
Transfers in	-		-	164,949	164,949
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,949</u>	<u>164,949</u>
Net change in fund balance	(102,945)	-	(102,945)	62,147	165,092
Fund balance, July 1	114,655	-	114,655	114,655	
Fund balance, June 30	<u>\$ 11,710</u>	<u>\$ -</u>	<u>\$ 11,710</u>	<u>\$ 176,802</u>	<u>\$ 165,092</u>

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 Annual Comprehensive 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 25,564,664
Restricted	835,861	1,273,553	1,100,096	2,157,654	4,272,611	2,853,959	2,058,828	2,140,175	4,363,622	4,457,723
Unrestricted (deficit)	(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)	(23,217,237)
<b>Total governmental activities net position</b>	<b>\$ 13,727,853</b>	<b>\$ 14,403,233</b>	<b>\$ 14,644,998</b>	<b>\$ (666,787)</b>	<b>\$ 2,663,261</b>	<b>\$ 2,927,199</b>	<b>\$ 1,668,967</b>	<b>\$ 2,017,434</b>	<b>\$ 3,257,361</b>	<b>\$ 6,805,150</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 476,579	\$ 409,863	\$ 354,499	\$ 303,085	\$ 245,981	\$ 192,917	\$ 166,982	\$ 144,839	\$ 103,129	\$ 105,439
Unrestricted (deficit)	189,117	307,919	221,059	(2,043,632)	(2,678,384)	(3,231,931)	(3,532,016)	(2,244,929)	(1,826,618)	(765,342)
<b>Total business-type activities net position</b>	<b>\$ 665,696</b>	<b>\$ 717,782</b>	<b>\$ 575,558</b>	<b>\$ (1,740,547)</b>	<b>\$ (2,432,403)</b>	<b>\$ (3,039,014)</b>	<b>\$ (3,365,034)</b>	<b>\$ (2,100,090)</b>	<b>\$ (1,723,489)</b>	<b>\$ (659,903)</b>
<b>District-wide</b>										
Net investment in capital assets	\$ 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	\$ 25,670,103
Restricted	835,861	1,273,553	1,100,096	2,157,654	4,272,611	2,853,959	2,058,828	2,140,175	4,363,622	4,457,723
Unrestricted (deficit)	(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)	(23,982,579)
<b>Total district net position</b>	<b>\$ 14,393,549</b>	<b>\$ 15,121,015</b>	<b>\$ 15,220,556</b>	<b>\$ (2,407,334)</b>	<b>\$ 230,858</b>	<b>\$ (111,815)</b>	<b>\$ (1,696,067)</b>	<b>\$ (82,656)</b>	<b>\$ 1,533,872</b>	<b>\$ 6,145,247</b>

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.

GASB 84 was implemented during the 2021 fiscal year, which required the restatement of beginning net position in the amount of \$669,044.

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

(accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities										
Instruction	\$ 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	\$ 49,368,549
Support Services:										
Attendance and social work	51,304	56,380	59,051	69,405	76,771	77,840	73,762	74,326	71,665	79,204
Health services	439,139	458,276	405,372	420,468	433,965	457,646	477,856	523,308	501,037	503,313
Other support services	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	6,276,668
Improvement of instruction	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	1,718,774
Other support instructional staff	43,983	42,573	84,119	152,661	43,587	33,877	72,914	73,105	76,072	93,578
School library	694,645	699,204	662,340	649,888	666,302	776,286	777,082	632,419	636,861	745,561
General administration	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	2,335,389
School administration	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	5,510,330
Required maintenance of plant	997,008	1,210,371	1,340,786	1,240,265	1,146,279	340,994	1,839,769	1,308,136	803,113	1,357,205
Operation of plant	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	4,734,020
Student transportation	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	5,739,506
Interest on long-term debt	920,735	982,757	1,025,175	988,251	1,106,501	956,630	893,322	815,239	795,657	580,500
Total governmental activities expenses	53,728,380	55,378,035	56,021,467	62,743,726	68,008,323	74,424,392	80,203,891	74,219,853	71,560,890	79,042,596
Business-type activities:										
Food service	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	1,186,566
Regional Day School	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	5,388,092
Total business-type activities expense	7,761,162	7,320,568	7,348,771	7,452,749	7,271,421	7,472,950	7,377,472	7,330,831	6,861,122	6,574,658
Total district expenses	\$ 61,489,542	\$ 62,698,603	\$ 63,370,238	\$ 70,196,475	\$ 75,279,744	\$ 81,897,342	\$ 87,581,363	\$ 81,550,684	\$ 78,422,012	\$ 85,617,254
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 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	\$ 2,200,668
Other support services										239,782
Pupil transportation	240,753	286,081	262,741	287,230	381,561	376,660	430,144	485,574	295,332	302,098
Operating grants and contributions	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	2,902,611
Capital grants and contributions	68,549			576,678	3,816,710	1,033,015	212,035	3,097		
Total governmental activities program revenues	3,782,984	3,925,573	3,633,654	4,199,354	7,651,726	5,111,495	4,543,956	4,524,322	4,101,926	5,645,159
Business-type activities:										
Charges for services:										
Food service	952,129	705,089	772,900	750,700	738,033	731,712	752,912	780,803	441,092	184,485
Regional Day School	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	6,000,993
Operating grants and contributions	792,020	727,079	755,818	774,004	771,717	781,410	778,418	751,314	682,156	1,452,766
Total business type activities program revenues	7,623,099	7,372,654	7,206,547	7,353,495	6,579,565	6,866,339	7,051,452	8,565,085	7,237,723	7,638,244
Total district program revenues	\$ 11,406,083	\$ 11,298,227	\$ 10,840,201	\$ 11,552,849	\$ 14,231,291	\$ 11,977,834	\$ 11,595,408	\$ 13,089,407	\$ 11,339,649	\$ 13,283,403
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (73,397,437)
Business-type activities	(138,063)	52,086	(142,224)	(99,254)	(691,856)	(606,611)	(326,020)	1,234,254	376,601	1,063,586
Total district-wide net expense	\$ (50,083,457)	\$ (51,400,376)	\$ (52,530,037)	\$ (58,643,626)	\$ (61,048,453)	\$ (69,919,508)	\$ (75,985,957)	\$ (68,461,277)	\$ (67,082,363)	\$ (72,333,851)

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

(accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes	\$ 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	\$ 47,221,415
Property taxes levied for debt service	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	2,534,674
Unrestricted grants and contributions	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	27,073,154
Interest and investment earnings - unrestricted	2,429		1,152	1,620	46,900	37,809	46,614	33,678	61,239	34,352
Interest and investment earnings - restricted										108
Miscellaneous income	102,342	23,041	119,595	148,709	97,590	60,622	119,928	89,249	101,893	81,523
Total governmental activities	50,296,662	52,127,842	52,629,578	59,535,791	63,686,645	69,576,835	74,401,705	70,043,998	68,029,847	76,945,226
Business-type activities:										
Investment earnings and miscellaneous revenue	21							30,690		
Miscellaneous income								30,690		
Total business-type activities	21							30,690		
Total district-wide	\$ 50,296,683	\$ 52,127,842	\$ 52,629,578	\$ 59,535,791	\$ 63,686,645	\$ 69,576,835	\$ 74,401,705	\$ 70,074,688	\$ 68,029,847	\$ 76,945,226
<b>Change in Net Position</b>										
Governmental activities	\$ 351,268	\$ 675,380	\$ 241,765	\$ 991,419	\$ 3,330,048	\$ 263,938	\$ (1,258,232)	\$ 348,467	\$ 570,883	\$ 3,547,789
Business-type activities	(138,042)	52,086	(142,224)	(99,254)	(691,856)	(606,611)	(326,020)	1,264,944	376,601	1,063,586
Total district	\$ 213,226	\$ 727,466	\$ 99,541	\$ 892,165	\$ 2,638,192	\$ (342,673)	\$ (1,584,252)	\$ 1,613,411	\$ 947,484	\$ 4,611,375

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).

GASB 84 was implemented during the 2021 fiscal year, which required the recognition of student activity revenue reported as charges for services. This amount is not reflected in the June 30th prior revenue balances above.

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

(modified accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021
General Fund										
Restricted for										
Assigned to	\$ 474,520	\$ 547,437	\$ 616,036	\$ 1,125,368	\$ 1,704,475	\$ 1,977,096	\$ 1,529,317	\$ 1,733,190	\$ 3,601,483	\$ 3,940,510
Unassigned	458,967	303,227	577,463	51,503	260,350	8,644	143,849	109,863	51,764	64,230
Total general fund	<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>\$ 4,900,262</u>	<u>\$ 6,868,083</u>
All Other Governmental Funds										
Restricted for:										
Capital projects fund	\$ 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	\$ 176,802
Special revenue fund:										
Scholarships									147,374	137,256
Student activities									235,211	203,155
Total all other governmental funds	<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>\$ 876,794</u>	<u>\$ 517,213</u>

Source: CAFR Schedule B-1 and District records.

GASB 84 was implemented during the 2021 fiscal year, which required the establishment of new restricted fund balances for scholarship and student activity accounts.



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

Unaudited

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax levy	\$ 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	\$ 49,756,089
Tuition charges	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	2,200,668
Interest earnings	2,429		1,152	1,620	10,850	13,962	46,614	672	32,967	11,304
Investment Income					36,050	23,847		33,006	28,272	23,048
Miscellaneous	115,247	34,982	139,974	139,424	188,739	69,949	166,451	171,149	162,194	331,404
Other Restricted Miscellaneous Revenues										108
State sources	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	17,481,829
Federal sources	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	3,032,857
<b>Total revenue</b>	<b>53,818,898</b>	<b>55,757,200</b>	<b>55,988,445</b>	<b>57,952,753</b>	<b>63,886,367</b>	<b>63,096,012</b>	<b>64,471,977</b>	<b>66,969,065</b>	<b>68,082,249</b>	<b>72,837,307</b>
<b>Expenditures</b>										
Instruction										
Regular and Special Education Instruction	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	28,349,562
Support Services:										
Attendance and social work	37,732	41,467	42,996	45,198	46,757	44,595	42,023	47,471	48,543	50,295
Health services	439,139	458,276	405,372	420,468	433,965	457,646	477,856	523,308	501,037	503,313
Other support services	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	3,642,382
Improvement of instruction	737,602	771,886	770,009	730,633	829,877	862,762	873,009	894,789	896,457	922,781
School library	498,541	492,813	462,567	402,797	383,963	421,014	393,069	354,167	378,452	404,552
Instructional staff training	38,587	40,087	81,713	148,707	38,948		32,096	65,054	67,899	68,719
General administration	609,425	654,483	562,681	594,733	433,467	513,481	536,155	615,012	566,092	527,992
School administration	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	1,998,614
Central services	423,719	456,357	498,932	488,253	549,135	596,680	591,464	583,511	558,587	565,258
Information technology	317,799	302,039	329,395	269,605	244,824	456,848	363,760	318,159	380,781	467,533
Required maintenance of plant	829,477	1,042,988	866,329	1,176,131	1,045,440	727,338	995,044	946,061	1,158,528	911,475
Operation of plant	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	3,729,932
Student transportation	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	3,565,606
Business and other support services and benefits	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	20,860,792
Special Schools										
Costs of Issuance										
Capital outlay	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	2,638,042
Debt service:										
Cost of Issuance	72,000								100,777	
Principal	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	2,180,000
Interest and other charges	1,059,320	853,212	912,069	902,375	1,151,590	982,582	908,105	838,856	749,116	651,719
<b>Total expenditures</b>	<b>54,000,911</b>	<b>56,209,503</b>	<b>56,565,157</b>	<b>59,718,168</b>	<b>70,196,951</b>	<b>64,930,019</b>	<b>65,829,760</b>	<b>66,655,644</b>	<b>67,593,447</b>	<b>72,038,567</b>
Excess (Deficiency) of revenues over (under) expenditures	(182,013)	(452,303)	(576,712)	(1,765,415)	(6,310,584)	(1,834,007)	(1,357,783)	313,421	488,802	798,740
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	134,892	819,947	761,521	826,000	725,000		845,000		1,150,000	809,500
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	2,000			116,620	370,623	351	559	102,945	450	164,949
Transfers out	(2,000)			(116,620)	(370,623)	(351)	(559)	(102,945)	(450)	(164,949)
<b>Total other financing sources (uses)</b>	<b>206,892</b>	<b>819,947</b>	<b>761,521</b>	<b>10,431,000</b>	<b>725,000</b>	<b>-</b>	<b>845,000</b>	<b>-</b>	<b>1,250,777</b>	<b>809,500</b>
<b>Net change in fund balances</b>	<b>\$ 24,879</b>	<b>\$ 367,644</b>	<b>\$ 184,809</b>	<b>\$ 8,665,585</b>	<b>\$ (5,585,584)</b>	<b>\$ (1,834,007)</b>	<b>\$ (512,783)</b>	<b>\$ 313,421</b>	<b>\$ 1,739,579</b>	<b>\$ 1,608,240</b>
Debt service as a percentage of noncapital expenditures	4.7%	4.1%	4.1%	5.1%	6.4%	5.5%	4.7%	4.5%	4.4%	4.1%

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.	Total
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	33,006		20,133	66,800	119,939
2020	28,272	23,718	935	48,968	101,893
2021	23,048	7,279	813	50,383	81,523

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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>
2021	\$ 79,730,900	\$ 3,299,931,412	\$ 6,508,700	\$ 397,435,100	\$ 36,465,900	\$ 391,282,400	\$ 4,211,354,412	\$ 5,639,089	\$ 4,216,993,501	1.192
2020 <sup>®</sup>	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

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

<sup>®</sup> 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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Manchester Township	Ocean County	
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
2021	1.131	0.061	1.192	0.562	0.413	2.167

Source: District Records and Municipal Tax Collector.

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

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

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

Unaudited

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Cedar Glen Lakes	\$ 79,542,000	1	1.90%	\$ 65,108,200	1	1.60%
Crestwood Village Co-Op IV	64,725,000	2	1.54%	57,179,300	2	1.40%
Crestwood Village Co-Op III	58,159,200	3	1.39%	47,704,200	3	1.17%
Crestwood Village Co-Op II	55,214,400	4	1.32%	47,658,500	4	1.17%
Pine Ridge MHC LLC	53,983,700	5	1.29%	40,365,000	5	0.99%
Arbors Propco LLC	46,222,800	6	1.10%			
Crestwood Village Co-Op I	44,373,000	7	1.06%	39,141,200	6	0.96%
Briarhill At Manchester	41,030,000	8	0.98%			
Manchester Plaza	39,595,100	9	0.94%	36,061,900	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>\$ 511,260,000</u>		<u>12.20%</u>	<u>\$ 430,719,000</u>		<u>10.54%</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	
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%	
2021	49,335,094	49,335,094	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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Capital Leases			
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
2021	17,115,000	2,094,135		19,209,135	0.28%	53,139

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		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2012	\$ 25,145,000		\$ 25,145,000	0.63%	\$ 598
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
2021	17,115,000	176,802	16,938,198	0.51%	384.08

**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, 2021

Unaudited

	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Manchester Township	\$ 24,424,496	100.0%	\$ 24,424,496
County of Ocean	488,649,690	3.8%	<u>18,568,688</u>
Subtotal, overlapping debt			<u>42,993,184</u>
<b>Manchester Township School District Direct Debt</b>			<u>17,115,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 60,108,184</u></u>

**Sources:** Manchester Township Finance Officer, Ocean County Finance Office

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

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

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

Unaudited

Equalized Valuation Basis

2021	\$	4,211,354,412
2020		4,186,227,612
2019		<u>3,864,025,501</u>
		<u>\$ 12,261,607,525</u>
		<u>\$ 4,087,202,508</u>

Debt limit (4 % of average equalization value)	\$	163,488,100
		<u>17,115,000</u>
		<u>\$ 146,373,100</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>2021</u>
Debt limit	\$ 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	\$ 163,488,100
Total net debt applicable to limit	<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>	<u>17,115,000</u>
Legal debt margin	<u>\$ 152,885,202</u>	<u>\$ 183,912,181</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>	<u>\$ 146,373,100</u>
Total net debt applicable to the limit as a percentage of debt limit	14.12%	14.81%	14.89%	21.53%	19.41%	17.63%	15.92%	14.32%	12.17%	10.47%

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 <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
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%
2021	44,101		53,139	11.7%

**Source:**

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

<sup>b</sup> Personal income data was not available.

<sup>c</sup> Per Capita Personal Income information provided by NJ Dept of Labor and Workforce Development.

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

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

Unaudited

Employer	2021			2012		
	Employees*	Rank (Optional)	Percentage of Total	Employees	Rank (Optional)	Percentage of Total
Joint Base - Lakehurst	3,550	1	27.52%	3,550	1	33.49%
Manchester Township Board of Education	600	2	4.65%	600	2	5.66%
Whiting Healthcare	140	3	1.09%	280	3	2.64%
Manchester Township	228	4	1.77%	228	4	2.15%
Arista Healthcare	225	5	1.74%	225	5	2.12%
Crestwood Manor	225	6	1.74%	225	6	2.12%
Shoprite	200	7	1.55%	200	7	1.89%
Manchester Manor	192	8	1.49%	192	8	1.81%
Lowe's	120	9	0.93%	120	9	1.13%
Arbors Care Center	120	10	0.93%	120	10	1.13%
	<u>5,600</u>		<u>43.40%</u>	<u>5,740</u>		<u>54.15%</u>
Total Employment within Township	<u>12,902</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>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>2021</u>
Instruction										
Regular	215.6	215.6	214.6	214.1	212.1	219.1	218.1	214.2	215.2	216.2
Special education	67.4	67.4	68.4	68.4	68.4	68.4	68.4	68.4	69.4	70.4
Other special education	38	38	38	38	38	38	39	39	39	39
Support Services:										
Student & instruction related services	68.7	68.7	70.7	77.7	84.7	84.7	98.2	105.6	111.6	126.6
General administrative services	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
School administrative services	23.9	23.9	25.4	26.4	28.4	28.4	28.4	26.4	26.4	26.4
Business administrative services	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	4.9	6.9
Technical administrative services	1.8	1.8	1.8	3	4	4	4	4	4	5
Plant operations and maintenance	32.4	34.4	34.4	36.5	36.5	36.5	36.5	37.5	38.5	38.5
Pupil transportation	58.3	58.3	58.3	62.62	62.62	62.62	62.62	63.9	60.7	60
Total	<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>	<u>591.10</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 <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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	-2.48%	94.40%
2014	2,931	52,744,260	17,995	8.01%	276	11:1	10:1	11:1	3,044	2,941	3.26%	94.66%
2015	2,938	53,632,884	18,255	3.61%	276	11:1	10:1	11:1	2,925	2,816	-3.91%	94.66%
2016	2,914	54,977,060	18,867	4.84%	276	11:1	10:1	11:1	2,878	2,853	-1.61%	94.89%
2017	2,915	58,503,937	20,070	9.94%	275	11:1	10:1	11:1	2,884	2,850	0.21%	98.82%
2018	2,878	60,769,681	21,115	11.92%	270	11:1	10:1	11:1	2,869	2,838	-0.52%	98.92%
2019	2,895	62,928,113	21,737	8.31%	272	11:1	10:1	11:1	2,814	2,660	-1.92%	94.53%
2020	2,907	63,035,347	21,684	2.69%	274	11:1	10:1	11:1	2,872	2,776	2.06%	96.66%
2021	2,879	66,568,806	23,122	6.37%	276	11:1	10:1	11:1	2,817	2,631	-1.92%	93.40%

**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

<b>District Building</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Elementary</b>										
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	597	601	601	547	546	567	551	541	540	560
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	516	506	506	488	487	463	453	444	455	430
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	247	239	239	264	261	247	241	248	249	253
<b>Middle School</b>										
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	667	681	681	675	691	663	681	667	695	649
<b>High School</b>										
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	1,051	1,001	1,001	980	971	1,008	1,003	991	1,007	987

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,									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Central Office		\$ 223,063	\$ 255,630	\$ 200,483	\$ 240,673	\$ 234,994	\$ 221,690	\$ 176,935	\$ 161,307	\$ 180,085	\$ 109,067
High School	40	214,845	248,184	201,454	343,518	122,208	289,847	391,864	160,717	197,972	229,602
Manchester Elementary School	43	119,818	193,621	151,204	88,281	56,862	157,077	155,822	93,312	127,434	97,080
Manchester Middle School	45	185,047	164,101	160,807	134,581	170,154	217,836	228,808	198,324	401,210	180,858
Ridgeway Elementary School	50	113,161	176,886	129,950	88,050	88,902	92,039	131,489	188,149	100,861	124,450
Whiting Elementary School	60	55,541	112,665	94,171	99,941	54,217	66,951	91,213	64,520	35,426	88,420
<b>Total School Facilities</b>		<u>\$ 911,475</u>	<u>\$ 1,151,088</u>	<u>\$ 938,069</u>	<u>\$ 995,044</u>	<u>\$ 727,338</u>	<u>\$ 1,045,440</u>	<u>\$ 1,176,131</u>	<u>\$ 866,329</u>	<u>\$ 1,042,988</u>	<u>\$ 829,477</u>

Source: District records of required maintenance.



Manchester Township School District  
Insurance Schedule  
Year ended June 30, 2021  
Unaudited

Type of Coverage	Coverage	Deductible
Multi Peril Package Policy - New Jersey School Board Association Ins. Group		
<b>Section I - Property:</b>		
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	
<b>Section II - Electronic Data Processing:</b>		
Computer equipment:Hardware/Software	1,000,000	1,000
Computer Virus	250,000	
<b>Section III - Property and Business Inc.:</b>		
Equipment/Business Income	100,000,000	5,000
<b>Section IV - Crime:</b>		
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
<b>Section V - General Liability:</b>		
Bodily injury and property damage	31,000,000	
Sexual Abuse	27,000,000	
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	
<b>Section VI - Automobile:</b>		
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, 2021  
Unaudited

Type of Coverage	Coverage	Deductible
<b>Errors and Omissions:</b>		
Errors and Omissions	\$ 30,000,000	\$ 15,000
<b>Workers Compensation:</b>		
Employer Liability	3,000,000	
Workers Compensation	3,000,000	
<b>Umbrella Excess Liability:</b>		
Policy aggregate limit of liability-primary	31,000,000	
Umbrella excess liability-secondary	31,000,000	
<b>Environmental Impairment Liability:</b>		
Aggregate limit of liability	1,000,000	10,000
<b>Cyber Security:</b>		
Cyber Crime	2,000,000	
Cyber Extortion		15,000
Security Breach Response		15,000
Security Liability		15,000
Electronic Fraud		15,000
<b>Fidelity Bonds:</b>		
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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 11, 2022.

**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.

PKF O'CONNOR DAVIES, LLP  
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | [www.pkfod.com](http://www.pkfod.com)

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

## 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*

Cranford, New Jersey  
March 11, 2022

*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, 2021. 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, 2021.

### **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*

Cranford, New Jersey  
March 11, 2022

*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, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021		
					From	To							(Accounts Receivable)	Unearned Revenue	Due to Grantor
<b>U.S. Department of Health and Human Services - Passed Through State Department of Education</b>															
General Fund:															
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	Not available	\$ 140,345	7/1/20	6/30/21			\$ 140,345	\$ (140,345)					
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	Not available	128,649	7/1/19	6/30/20	\$ (22,702)				\$ 22,702				
<b>U.S. Department of Labor--Passed-Through State Department of Labor</b>															
General Fund:															
Passed through State Department of Labor: CARES Act DOL Unemployment Grant	17.000	N/A	N/A	48,491	7/1/20	6/30/21	(48,491)		48,491					-	
Total General Fund							(71,193)		188,836	(140,345)	22,702			-	
<b>U.S. Department of Education - Passed Through State Department of Education</b>															
Special Revenue Fund:															
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A200030	NCLB-2940-08	583,042	7/1/20	9/30/21			419,416	(583,042)			\$ (163,626)		
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A200030	NCLB-2940-08	580,164	7/1/19	9/30/20				(6,282)	6,282				
Subtotal of Title I Part A									419,416	(589,324)					
Special Education Cluster:															
IDEA Special Education Grants to States	84.027A	H027A200100	FT294008	732,953	7/1/20	9/30/21			732,953	(732,953)					
IDEA Preschool Grants for Children with Disabilities	84.173A	H173A200114	PS294007	33,478	7/1/20	9/30/21			33,478	(33,478)					
Subtotal of Special Education Cluster:									766,431	(766,431)					
Title II, Part A, Improving Teacher Quality State Grants	84.367A	S367A200029	NCLB-2940-07	83,097	7/1/20	9/30/21			83,097	(83,097)					
Title IV, Part A	84.186A	S424A200031	NCLB-2940-08	42,843	7/1/20	9/30/21			42,843	(42,843)					
Elementary and Secondary Education:															
ESSER Grant Program	84.425D	S425D200027	21-5120-513	491,932	3/13/20	9/30/22			491,932	(491,932)					
ESSER II Grant Program	84.425D	S425D200027	21-5120-513	1,910,887	3/13/20	9/30/22				(1,163,855)			(1,163,855)		
Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Learning Acceleration Grant Program	84.425D	S425D200027	21-5120-513	122,631	3/13/20	9/30/22				(44,669)			(44,669)		
Mental Health Grant	84.425D	S425D200027	21-5120-513	45,000	3/13/20	9/30/22				(42,835)			(42,835)		
Subtotal of Elementary and Secondary School Emergency Relief Funds									491,932	(1,743,291)			(1,251,359)		
Coronavirus Relief Fund (CRF) COVID-19 School Reopening and Remote Learning	21.019	N/A	21-5120-517	194,044	3/1/20	12/30/20			194,044	(194,044)	6,282				
Total Special Revenue Fund							-		1,997,763	(3,419,030)	6,282		(1,414,985)		
<b>U.S. Department of Agriculture--Passed-Through NJ Department of Agriculture</b>															
Enterprise Fund:															
Child Nutrition Cluster:															
Food Donation Program (NC)	10.555	211NJ304N1099	N/A	68,526	7/1/20	6/30/21			68,526	(59,288)			\$ 9,238		
COVID-19 (CARES ACT) National School Lunch Program	10.555	201NJ304N1099	N/A	63,006	7/1/19	6/30/20	8,121			(8,121)					
COVID-19 (CARES ACT) National School Lunch Program	10.555	211NJ304N1099	N/A	71,668	7/1/20	6/30/21			71,668	(71,668)					
COVID-19 (CARES ACT) National School Lunch Program	10.555	201NJ304N1099	N/A	317,348	7/1/19	6/30/20	(12,489)		12,489						
National School Lunch Program	10.555	211NJ304N1099	N/A	615,385	7/1/20	6/30/21			475,362	(615,386)			(140,024)		
Emergency Operational Cost Program	10.555	202121H170341	N/A	45,926	7/1/20	6/30/21				(45,926)			(45,926)		
P-EBT Administrative Cost Reimbursements	10.649	202121S900941	N/A	3,063	7/1/20	6/30/21				(3,063)			(3,063)		
School Breakfast Program	10.553	211NJ304N1099	N/A	413,056	7/1/20	6/30/21			371,223	(413,056)			(41,833)		
COVID-19 (CARES ACT) School Breakfast Program	10.553	211NJ304N1099	N/A	43,679	7/1/20	6/30/21			43,679	(43,679)					
COVID-19 (CARES ACT) School Breakfast Program	10.553	201NJ304N1099	N/A	102,703	7/1/19	6/30/20	(8,010)		8,010						
Subtotal Child Nutrition Cluster:							(12,378)		1,050,957	(1,260,187)			(230,846)	9,238	
Healthy Hunger-Free Kids Act	10.555	211NJ304N1099	N/A	13,702	7/1/20	6/30/21			12,447	(13,702)			(1,255)		
COVID-19 (CARES ACT) Healthy Hunger-Free Kids Act	10.555	201NJ304N1099	N/A	11,674	7/1/19	6/30/20	(255)		255						
Total Enterprise Fund							(12,633)		1,063,659	(1,273,889)			(232,101)	9,238	
Total Federal Awards							\$ (83,826)	\$ -	\$ 3,250,258	\$ (4,833,264)	\$ 28,984	\$ -	\$ (1,647,086)	\$ 9,238	

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, 2021

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020			Balance at June 30, 2021			MEMO		
			From	To	Unearned Revenue (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Intergovernmental (Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Transportation Aid	21-495-034-5120-014	\$ 1,989,096	7/1/2020	6/30/2021			\$ 1,804,604	\$ (1,989,096)				\$ (184,492)	\$ (1,989,096)
Transportation Aid	20-495-034-5120-014	1,989,096	7/1/2019	6/30/2020	\$ (186,801)		186,801						
Special Education Categorical Aid	21-495-034-5120-089	1,756,005	7/1/2020	6/30/2021			1,593,133	(1,756,005)				(162,872)	(1,756,005)
Special Education Categorical Aid	20-495-034-5120-089	1,756,005	7/1/2019	6/30/2020	(164,910)		164,910						
Extraordinary Aid	21-495-034-5120-044	1,709,364	7/1/2020	6/30/2021				(1,709,364)	\$ (1,709,364)				(1,709,364)
Extraordinary Aid	20-495-034-5120-044	1,037,761	7/1/2019	6/30/2020	(1,037,761)		1,037,761						
Security Aid	21-495-034-5120-084	573,735	7/1/2020	6/30/2021			520,520	(573,735)				(53,215)	(573,735)
Security Aid	20-495-034-5120-084	573,735	7/1/2019	6/30/2020	(53,881)		53,881						
Adjustment Aid	21-495-034-5120-085	989,303	7/1/2020	6/30/2021			897,543	(989,303)				(91,760)	(989,303)
Adjustment Aid	20-495-034-5120-085	1,055,427	7/1/2019	6/30/2020	(99,117)		99,117						
Other State Aid (NP Transportation Aid)	Not Available	11,600	7/1/2020	6/30/2021				(11,600)	(11,600)				(11,600)
On-Behalf TPAF Medical Contributions (NC)	21-495-034-5094-001	2,044,394	7/1/2020	6/30/2021			2,044,394	(2,044,394)					(2,044,394)
On-Behalf TPAF Long-Term Disability Insurance (NC)	21-495-034-5094-004	3,332	7/1/2020	6/30/2021			3,332	(3,332)					(3,332)
On-Behalf TPAF Pension and Annuity Fund (NC)	21-495-034-5094-002	6,523,598	7/1/2020	6/30/2021			6,523,598	(6,523,598)					(6,523,598)
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	1,674,932	7/1/2020	6/30/2021			1,674,932	(1,674,932)					(1,674,932)
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	1,627,383	7/1/2019	6/30/2020	(80,800)		80,800						
Total General Fund					(1,623,270)		16,685,326	(17,275,359)	(1,720,964)			(492,339)	(17,275,359)
Debt Service Fund													
Debt Service Aid	20-495-034-5120-017	194,100	7/1/2020	6/30/2021			194,100	(194,100)					(194,100)
Total Debt Service Fund							194,100	(194,100)					(194,100)
State Department of Agriculture:													
Enterprise Fund:													
School Lunch Program (State Share)	21-100-010-3350-023	33,713	7/1/2020	6/30/2021			25,546	(33,713)	(8,167)				(33,713)
School Lunch Program (State Share)	20-100-010-3350-023	11,582	7/1/2019	6/30/2020	(3,082)		3,082						
Total Enterprise Fund					(3,082)		28,628	(33,713)	(8,167)				(33,713)
State Department of Education:													
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	145,164	7/1/2020	6/30/2021			145,164	(145,164)					(145,164)
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	155,971	7/1/2019	6/30/2020	(7,361)		7,361						
Total Enterprise Fund					(10,443)		181,153	(178,877)	(8,167)				(178,877)
Total state financial assistance					\$ (1,633,713)		\$ 17,060,579	\$ (17,648,336)	\$ (1,729,131)	\$ -	\$ -	\$ (492,339)	\$ (17,648,336)
<b>State Financial Assistance Not Subject to Single Audit Determination:</b>													
General Fund:													
On-Behalf TPAF Medical Contributions (NC)	21-495-034-5094-001	2,044,394	7/1/2020	6/30/2021			(2,044,394)	2,044,394					2,044,394
On-Behalf TPAF Long-Term Disability Insurance (NC)	21-495-034-5094-004	3,332	7/1/2020	6/30/2021			(3,332)	3,332					3,332
On-Behalf TPAF Pension and Annuity Fund (NC)	21-495-034-5094-002	6,523,598	7/1/2020	6/30/2021			(6,523,598)	6,523,598					6,523,598
<b>Total State Financial Assistance Subject to Single Audit Determination</b>													
					\$ (1,633,713)		\$ 8,489,255	\$ (9,077,012)	\$ (1,729,131)	\$ -	\$ -	\$ (492,339)	\$ (9,077,012)

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, 2021

**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, 2021

**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.

As a result, the federal account receivable balance in the special revenue fund on the budgetary basis differs from the GAAP basis as follows:

<u>Accounts Receivable</u>	<u>Budgetary Basis</u>	<u>Less: Encumbrances</u>	<u>GAAP Basis</u>
Federal	\$1,414,985	\$526,518	\$888,467

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(12,370) 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 140,345	\$ 17,287,729	\$ 17,428,074
Special Revenue Fund	2,892,512		2,892,512
Debt Service Fund		194,100	194,100
Enterprise Fund/Food Service	1,273,889	33,713	1,307,602
Enterprise Fund/Regional Day School		145,164	145,164
Total financial award revenues	<u>\$ 4,306,746</u>	<u>\$ 17,660,706</u>	<u>\$ 21,967,452</u>

Manchester Township School District

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

Year ended June 30, 2021

**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, 2021.

The post retirement pension, medical and long-term disability benefits received on-behalf of the District for the year ended June 30, 2021 amounted to \$8,571,324. 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.

**7. Adjustments**

The adjustments presented on the schedule of federal awards represents a cancelation of the prior year Medical Assistance Program (SEMI) accounts receivable balance in the amount of \$22,702 and a prior year benefit rate adjustment for Title I in the amount of \$6,282.

Manchester Township School District  
Schedule of Findings and Questioned Costs  
June 30, 2021

**Part I – Summary of Auditor’s Results**

**Financial Statement Section**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	___	Yes	___	X	No
Are any significant deficiencies identified?	___	Yes	___	X	None Reported
Is any noncompliance material to financial statements noted?	___	Yes	___	X	No

**Federal Awards**

Internal control over major federal 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 federal programs:

Unmodified

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



Manchester Township School District

Schedule of Findings and Questioned Costs

June 30, 2021

**Part I – Summary of Auditor’s 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:

<b>GMIS/Program Number</b>	<b>Name of State Program or Cluster</b>
495-034-5120-014	Transportation 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, 2021

**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, 2021

**Part III – Schedule of Federal Award and State Financial Assistance 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, 2021

No prior year findings were noted.