

MANCHESTER TOWNSHIP SCHOOL DISTRICT



Manchester Township Board of Education
Manchester Township, New Jersey

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022

"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, 2022**

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

MANCHESTER TOWNSHIP SCHOOL DISTRICT

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Introductory Section



Manchester Township Board of Education

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March 1, 2023

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, 2022, 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, 2022 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 2021/2022 fiscal year with an enrollment of 2,813 students. This includes 129 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 2021/2022 was 66.0. The following details the changes in the student enrollment of the District and RDS over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2021-2022 (RDS)	2,813.0 66.0	(2.29) 4.0
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

The District has experienced a slight decrease in enrollment over the past year. The population of Manchester is shifting toward families that do not send their children to the school district. There are new developments being built in town which may help stabilize enrollment. The district also was approved to offer free full-day preschool which should also help stabilize enrollment in the short term. The District projects that enrollment for 2022-2023 school year to be 2,780 and 65 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 27 years old to 62 years old. Given the age of the buildings, the schools are in excellent condition. The District passed two referendums in the last 12 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

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:

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 2021-2022 were:

Goal: Raise Academic Expectations, Improve Student Performance, and Expand Opportunities regardless of in person or remote instruction

Status: During the 2020-2021 school year, the district underwent NJ QSAC monitoring and at the end of that process, it was deemed that the district is high performing. School level objectives were developed and submitted in reference to the state assessments and areas identified as needing focus and targeted instruction where included. The following programs were implemented and/or expanded in the District:

Elementary:

Summer Jump Start Program focuses on Reading and Math

Summer and after school programs were expanded to include enrichment in areas such as STEAM, Band, and Art

New Jersey Student Learning Standards revisions have been shared with teachers. Teachers worked on curriculum revisions.

Elementary Supervisor position was created to support elementary instruction

Developmental Reading Assessment (DRA) administered at all grade levels

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 and Interventionist Model for Basic Skills Instruction

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

Unpacking the Next Generation Science Standards (NGSS)

MTSD Tiered System of Supports

Middle School:

Title I Club Success

Title I Stepping Up – Summer Program

Summer Enrichment Program

School Assessment Committee

Pre/Post Test in Math and Language Arts

Reading and Writing Workshop

Interdisciplinary Literacy and Vocabulary Initiative

Benchmark Assessments – Linkit!

Developmental Reading Assessment (DRA) administered to all basic skills and special education students

Summer and after school programs were expanded to include enrichment in areas such as STEAM, Band, and Art

MTSD Tiered System of Supports

Technology Coach

High School:

Student Opportunities for Achievement and Readiness (SOAR)

Advanced Placement Courses

Dual Enrollment Pathways

Academic Intervention & Mastery (AIM)

College and Career Readiness (CCR) Prep classes Language Arts and Math

School Assessment Committee

Special Education/General Education articulation

Credit Recovery Program- Apex Learning

EdReady Program with Ocean County College

LinkIt!

Formative Assessments: Commonlit, Big Ideas, Document-based Questions

Content-Area Common Assessments

School Assessment Committee

Constructed Response Tasks Aligned to NJSLA

Portfolio Assessments are conducted as appropriate

Summer and after school programs were expanded to include enrichment in areas such as AP Bootcamp, Band, and Art

Seal of Biliteracy

Science Curriculum revised to reflect Next Generation Science Standards (NGSS)

All curriculum aligned to the 2020 New Jersey Student Learning Standards

MTSD Tiered System of Support

Restorative Practices

Community Outreach

Structured Learning Experience (SLE)

Transitional Coach supports students going into community

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)

Special Education Advisory Committee (SEPAG)

School Safety Teams

ESL Parent Advisory Committee Meetings

Teacher Efficacy Training

Culturally Responsive Classroom Training

Sheltered English Instruction Training

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. This process allowed us to get full credit during the NJQSAC evaluation. The Curriculum Committee also identified strengths and weaknesses and made revisions.

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

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

- The District utilizes a School Resource Officer “SRO”, through a shared service inter-local agreement. This officer, who is located in the high school, has been a positive addition to our staff and has been an invaluable resource to improving the safety and security in the high school. An additional officer may be provided at our Middle School in January 2023.
- The District maintained two full time security staff members for the 2021-2022 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 and added a third in 2021-2022 to bolster school security. One officer is placed at the middle school and two officers split 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, Middle School and Manchester Elementary. Whiting Elementary, Ridgeway Elementary and Regional Day School are scheduled in 2022-2023. This will 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 completed the installation of surveillance cameras this past year. Every school has interior and exterior surveillance cameras. The goal moving forward will be to replace older cameras and add a visitor management systems at all 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 \$5.2 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: 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 1,200 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 3,100 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 \$5.2 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 is in the beginning stages of an enrollment shift as more families move into town that do not send their children to Manchester Schools. In an effort to stabilize a

decreasing enrollment, we now offer a free, full day preschool program under the Preschool Education Aid program. This will get students into our district sooner and may attract more families to Manchester. Additionally, we will be conducting a demographic study to tie into our school strategic plan to determine how the enrollment shift will impact our schools and programs in the future.

- The District continues to deal with the impact COVID-19 had on students and their families. 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, 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 2024-2025 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, 2022.

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, LLP 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, 2021. This is the twenty-seventh 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 2021-2022 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 approximately 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 mean significant budget variation in the 2022-2023 budget and beyond. Currently, minimum wage is \$13 per hour. This will increase to \$14 per hour in January 2023 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 increase in district health benefit costs of 15% will have a significant impact on the budget this year and next year. The district participates in the New Jersey School Employee Health Benefits Program and they offer medical plans where employee contributions toward their benefit costs are tied to insurance premiums or salary. There is a statewide push to get staff to move to the plans where contributions are based on salary. In this case, the districts bears the majority of the cost when premiums increase. We are expecting this trend to continue for the near future.

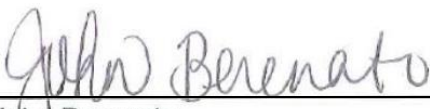
The impact of COVID-19 will continue to play a role in current and future budgets. The District has spent millions of dollars in preparation to open schools and keep them open under COVID-19 state guidelines. The impact this pandemic will have on future budgets is still uncertain but school districts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



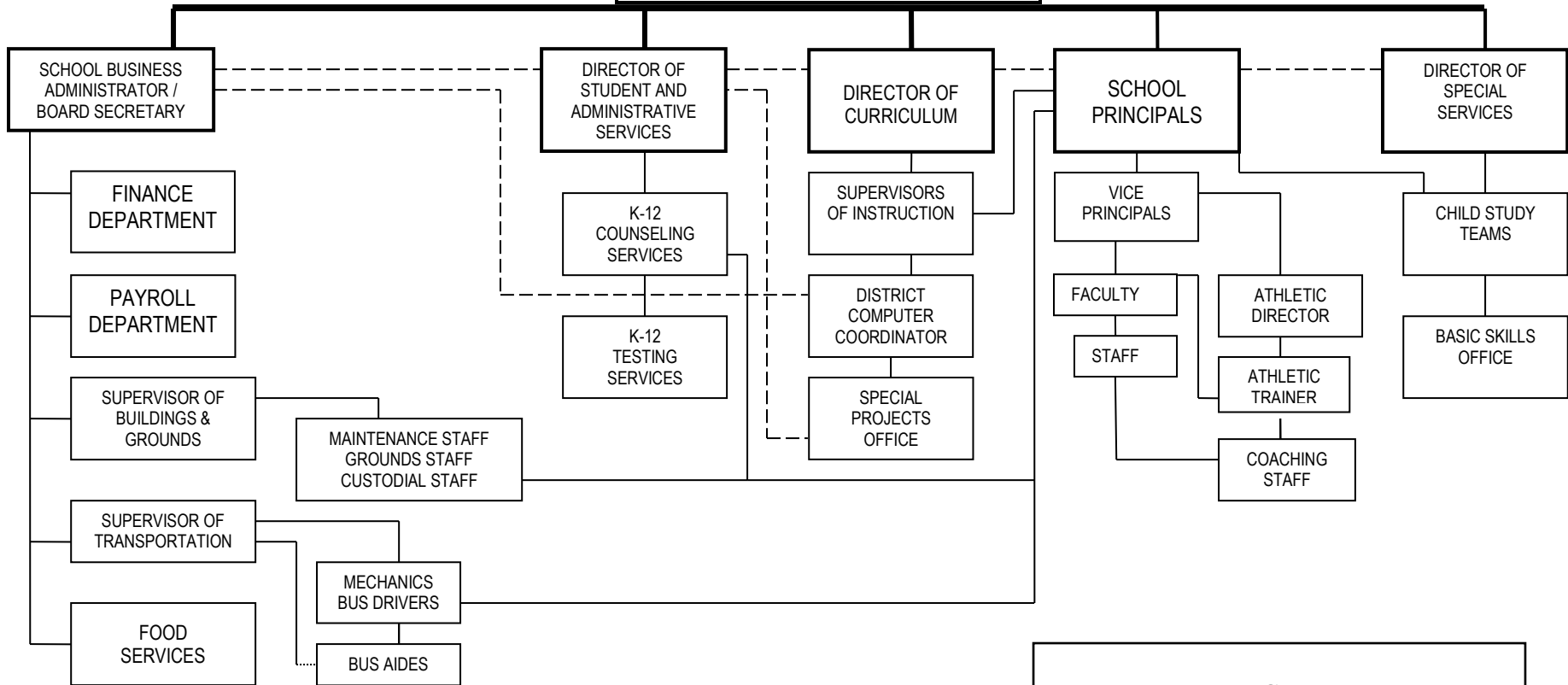
Craig A. Lorentzen, CPA
Board Secretary/Business Administrator

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, 2022

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ken Pate, President	2023
Gayle Mount, Vice President	2023
George Cervenak III	2023
Gina Georgiano	2023
Daniel R. Staples	2022
Michael Kelliher	2023
Laura Wingler	2023
Joel Merkin (Lakehurst Board Representative)	

Other Officials

John Berenato, Superintendent of Schools

Craig A. Lorentzen, CPA, Board Secretary/School Business Administrator

Manchester Township School District
Manchester Township, New Jersey

Independent Auditors and Advisors

Independent Auditors

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

Attorney

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

Official Depositories

Ocean First Bank
400 Lacey Road
Whiting, New Jersey 08759



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Manchester Township School District

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2021.**

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the of the Manchester Township School District, Ocean County, New Jersey (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 (*Government Auditing Standards*). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

We draw attention to Note 5 long term liabilities – Leases Payable in the notes to financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases". Our opinion is not modified with respect to this matter.

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

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 combining and individual fund financial statements, and the schedules of expenditures of federal awards and state financial assistance, 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, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements, 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2022. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our

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

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auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2023, 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 1, 2023

Robert E. Provost

Robert Provost
Licensed Public School Accountant, No. 2486

Required Supplementary Information – Part I
Management's Discussion and Analysis

Manchester Township School District
Management's Discussion and Analysis
Year ended June 30, 2022

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, 2022. 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 (2021-2022) and the prior fiscal year (2020-2021) is presented in the MD&A.

Overview of the Financial Statements

This discussion and analysis are 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 32-33 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 34 - 36 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 37-39 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 40-78 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 105-107 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, 2022 and 2021:

Manchester Township Board of Education
Manchester Township, New Jersey

Net Position

	June 30, 2022			June 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets						
Current and other assets	\$ 9,795,358	\$ 3,677,362	\$ 13,472,720	\$ 10,078,657	\$ 2,251,142	\$ 12,329,799
Capital assets, net	43,611,087	119,399	43,730,486	45,190,538	105,439	45,295,977
Total assets	53,406,445	3,796,761	57,203,206	55,269,195	2,356,581	57,625,776
Deferred outflows of resources	2,985,123	314,755	3,299,878	4,039,609	458,002	4,497,611
Liabilities:						
Current liabilities	7,315,241	316,059	7,631,300	7,173,322	258,811	7,432,133
Net pension liabilities	12,231,426	1,614,624	13,846,050	16,369,571	2,227,951	18,597,522
Long-term liabilities outstanding	18,442,104		18,442,104	21,464,541		21,464,541
Total Liabilities	37,988,771	1,930,683	39,919,454	45,007,434	2,486,762	47,494,196
Deferred inflow of resources	8,051,667	1,070,049	9,121,716	7,496,220	987,724	8,483,944
Net position:						
Net investment in capital assets	26,704,868	119,399	26,824,267	25,564,664	105,439	25,670,103
Restricted	5,145,333		5,145,333	4,457,723		4,457,723
Unrestricted (deficit)	(21,499,071)	991,276	(20,507,795)	(23,217,237)	(765,342)	(23,982,579)
Total net position	\$ 10,351,130	\$ 1,110,675	\$ 11,461,805	\$ 6,805,150	\$ (659,903)	\$ 6,145,247

Governmental Activities

The decrease in current and other assets from the prior year was primarily attributable a decrease of approximately \$210,000 in the current year cash balance from the prior year, which resulted from a reduction to the general fund account payable balance from the prior year by a comparable amount. During the year ended June 30,2021, the district had several equipment items on back order as a direct consequence of the global pandemic attributing to a higher accounts payable and cash balance than the current year.

Capital assets, net, decreased from the prior year. Depreciation and amortization expense of \$3,040,707 was offset by capital asset acquisitions of \$1,461,256.

Collectively, current and long-term liabilities decreased by approximately \$2,900,000 as a direct result of debt service payments in the amount of \$2,205,000 and obligations under leases and financed leases payable paid in the amount of \$48,970 and \$636,132 respectively.

Significant changes to the 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 2022 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, 2020 and rolled forward to 2021. The net pension liability associated with the District's governmental activities at June 30, 2022 amounted to \$12,231,426, which was a decrease of approximately \$4,138,000 and resulted from changes in the net pension calculation.

The largest portion of the District's government activities net position is its net investment in capital assets, \$26,704,868 (e.g., land, construction-in-progress, buildings and improvements, and furniture and equipment, and right-to-use asset), less accumulated depreciation and amortization and any related debt (general obligation bonds payable, obligations under leases and financed leases payable) 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 \$5,145,133 is comprised of amounts restricted for future debt service payments in the Debt Service Fund in the amount of \$165,301, amounts restricted for Maintenance Reserve in the amount of \$1,182,410, amounts restricted for Capital Reserve in the amount of \$2,480,000, amounts restricted for Unemployment Compensation in the amount of \$287,038, amounts restricted for Scholarships in the amount of \$125,081, amounts restricted for Student Activities in the amount of \$240,775 and excess surplus in the amount of \$664,728 that is restricted to be utilized in the District's 2023 and 2024 fiscal year budgets.

The remaining deficit balance, (\$21,499,071) 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 \$1,750,000 in net position reported in connection with the District's business-type activities as a result of the following:

- For the Regional Day School, overall net position for the program increased approximately \$1,270,000 driven by an increase in tuition revenue. As a full operational year resumed following the global pandemic, there was an increase in both enrollment and one on one aid costs to assist the students.
- The Regional Day School's share of the net pension liability decreased by approximately \$613,000 to \$1,614,624. There was a reported unrestricted net position at year-end of \$175,058.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2022 and 2021 are as follows:

Manchester Township Board of Education
Manchester Township, New Jersey

Changes in Net Position

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,359,297	\$ 6,885,158	\$ 10,244,455	\$ 2,742,548	\$ 6,185,478	\$ 8,928,026
Operating and capital grants and contributions	2,227,715	2,087,052	4,314,767	2,902,611	1,452,766	4,355,377
General revenues:						
Property taxes	50,771,949		50,771,949	49,756,089		49,756,089
Federal and state sources, unrestricted	20,106,551		20,106,551	27,073,154		27,073,154
Investment earnings	23,220		23,220	23,156		23,156
Interest income	22,464		22,464	11,304		11,304
Miscellaneous	80,552		80,552	81,523		81,523
Total revenues	76,591,748	8,972,210	85,563,958	82,590,385	7,638,244	90,228,629
Expenses:						
Instructional services	44,259,531	1,853,738	46,113,269	49,368,549	1,922,962	51,291,511
Support services	28,297,722	5,347,894	33,645,616	29,093,547	4,651,696	33,745,243
Interest on long-term liabilities	488,515		488,515	580,500		580,500
Total expenses	73,045,768	7,201,632	80,247,400	79,042,596	6,574,658	85,617,254
Change in net position	3,545,980	1,770,578	5,316,558	3,547,789	1,063,586	4,611,375
Net position (deficit)	6,805,150	(659,903)	6,145,247	3,257,361	(1,723,489)	1,533,872
Net position (deficit) - ending	\$ 10,351,130	\$ 1,110,675	\$ 11,461,805	\$ 6,805,150	\$ (659,903)	\$ 6,145,247

Governmental Activities

Operating and capital grants and contributions decreased in the current year primarily driven by a reduction in grant revenue during the year ended June 30, 2022. For the year ended June 30, 2021, the District incurred a significant amount of expenditures in direct response to COVID-19, such as virtual learning, sanitation, etc. As a result, the District received a significant amount of federal funding to ensure the safety and welfare of the Districts students and staff. Although there was still a necessity for these expenditures for the year ended June 30, 2022, the level of expenditures was much higher in the prior year. Consequently, there was an overall decrease to operating and capital grants and contributions of approximately \$700,000.

The total general fund tax levy in 2022 was \$48,165,843. That is an increase of \$944,428 over the 2021 general fund tax levy of \$47,221,415. The 2021-2022 tax levy increase is below the state-mandated 2 percent cap.

Decrease of approximately \$3,000,000 in support services was directly related to the return of students for in person learning.

Charges for service increase by approximately \$615,000 for the year ended June 30, 2022. This increase was the result of the District recovering from global effects of pandemic. There was an increase in tuition, transportation, and general student activities in the amount of approximately \$230,000, \$193,000, and \$195,000 respectively. This is a direct result of the District resuming full operational activities following the global pandemic.

Instructional Services decrease by approximately \$9,300,000 for the year ended June 30, 2022. This directly related to the allocation of benefits. For year ending June 30, 2022, there were decrease of approximately \$7,000,000 in the TPAF pension allocation. Changes to the discount rate, and actuarial methods and assumptions attributed to this large decrease from the prior year.

The current year impact of Governmental Accounting Standards Board (GASB) Statement No. 75 attributed to approximately a \$7,000,000 decrease 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 2.21% to 2.16% in the current year attributing to a large fluctuation in the calculated data.

Business-Type Activities

- Charges for services increased by approximately \$700,000 from 2021, This increase was a direct of operations returning to normal after the global pandemic. For the year ended June 30, 2021, the District showed a significant decline in revenue from local sources in relation to food service. This was due to restriction on what the District was allowed to sell to students during lunch. For the year ended June 30, 2022, these restrictions were lifted, and local revenue increased by approximately \$220,000. In addition to food service revenue increasing regional day school also realized an increase in tuition of approximately \$450,000. This was primarily related to the increase in billing for in person learning.
- Expenses increased by approximately \$640,000 compared to the 2021 fiscal year, a large portion of which is directly attributable to an increase in Food Service expenses. With students back to a normal school schedule, food services expenses have increased.

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, 2022, and the increases in relation to the prior year.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2021	Percent of Increase (Decrease)
Local Sources	\$53,829,440	70.630%	\$1,506,819	2.88%
State Sources	20,152,423	26.442%	2,670,594	15.28%
Federal Sources	2,231,366	2.928%	(801,491)	-26.43%
Total	\$76,213,229	100.00%	\$3,375,922	3.54%

The increase in local sources is mainly attributable to the general fund and debt service fund tax levy increase. 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 \$2,632,913. The decrease in federal sources in the amount of (\$801,491) is the result of the District receiving less federal revenues in the current year as discussed on previous page.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2022 and the increases and (decreases) related to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2021	Percent of Increase (Decrease)
Current expenditures:				
Instruction	26,113,680	33.94%	\$1,090,818	4.36%
Undistributed expenditures	46,407,035	60.32%	4,861,091	11.70%
Capital outlay	1,635,614	2.13%	(1,002,428)	-38.00%
Debt service:				
Principal	2,205,000	2.87%	25,000	1.15%
Interest	574,206	0.75%	(77,513)	-11.89%
Total	\$76,935,535	100.00%	\$4,896,968	6.80%

The increase in instruction expenses was primarily related to contractual salary increases based on the District approved collective bargaining agreements. Additionally, there was also a district-wide purchase of textbooks and an increase to supply expenditures from the prior year that attributed to the increase in instructional expenditures. Undistributed expenditures increased approximately by \$4,800,000 from the 2021 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 \$2,633,000 from fiscal year 2021. Additionally, there was an increase in the tuition and transportation expenditures in the amount of \$500,000 and \$1,000,000 respectively resulting from increased services as the District resumed full operational activities following the global pandemic. The District had a decrease during fiscal year 2022 in capital outlay of approximately \$1,000,000 related directly to a decrease in non-instructional services as many projects were completed during the prior year school closures that occurred during the global pandemic. The District has no new bonds issued during the fiscal year 2022, which attributed to the changes noted above to debt service.

The significant increase in expenditures was primarily driven by the District recovering from the devastating effects the global pandemic had on the District and the state. The District has continued its efforts to offer exceptional opportunities to its students while also controlling the growth in its budget.

General Fund

The fund balance decreased by approximately \$520,000 during the 2022 fiscal year primarily the result of an increase in current year expenditure. As of June 30, 2022, the District has an unassigned fund balance of \$1,695,111 and excess surplus generated in the current year in the amount of \$419,983. The District designated \$244,745 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 \$2,480,000 for future capital improvements, as well as a maintenance reserve restricted fund balance in the amount of \$1,182,410 for future maintenance projects. \$287,038 is restricted for Unemployment Compensation. \$29,103 is recorded in encumbrances and assigned for other purposes. \$10,296 is assigned to unreserved – designated for subsequent year’s expenditures.

Special Revenue Fund

Expenditures incurred in the Special Revenue Fund decrease by approximately \$548,331 as a result of a decrease in the receipt of federal grants as indicated on previous page.

Capital Projects Fund

As of June 30, 2022, the District’s Capital Project’s Fund Balance was \$0 which represented no change from prior year.

Debt Service Fund

As of June 30, 2022, the District’s Debt Service Fund Balance was \$165,301. This is a decrease from the prior year of \$11,501. The decrease was due to debt service payments.

Capital Asset and Debt Administration

Capital Assets. The District has capital assets, net of accumulated depreciation and amortization, including land, construction in progress, buildings, facilities, equipment and vehicles noted as follows at June 30, 2022 and 2021:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$1,220,818	\$1,220,818			\$1,220,818	\$1,220,818
Buildings and building improvements	38,012,026	39,591,493			38,012,026	39,591,493
Machinery, equipment and vehicles	4,204,761	4,378,227	\$119,399	\$105,439	4,324,160	4,483,666
Right-to-use asset	173,482				173,482	
Total capital assets, net	<u>\$43,611,087</u>	<u>\$45,190,538</u>	<u>\$119,399</u>	<u>\$105,439</u>	<u>\$43,730,486</u>	<u>\$45,295,977</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Bonds payable (net)	\$15,784,225	\$18,123,620
Financed purchases payable	1,458,003	2,094,135
Obligations under leases	167,883	
Compensated absences	3,981,742	4,343,218
Total long-term liabilities	<u>\$21,391,853</u>	<u>\$24,560,973</u>

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

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget other than transfers between appropriation accounts and an adjustment for prior year encumbrances.

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 approximately 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 2021-2022 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 \$46,000 is the 13th lowest in the state, we are 7.4% below the poverty level and the average home value is \$200,290. 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 \$5,200,000 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.

The increase in district health benefit costs of 15% will have a significant impact on the budget this year and next year. The district participates in the New Jersey School Employee Health Benefits Program and they offer medical plans where employee contributions toward their benefit costs are tied to insurance premiums or salary. There is a statewide push to get staff to move to the plans where contributions are based on salary. In this case, the districts bears the majority of the cost when premiums increase. We are expecting this trend to continue for the near future.

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 27 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 2022-2023 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, 2022.

Manchester Township School District

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,478,991	\$ 2,749,920	\$ 9,228,911
Accounts receivable	3,298,977	905,744	4,204,721
Inventories		21,592	21,592
Investments	17,390		17,390
Capital assets, non-depreciable	1,220,818		1,220,818
Capital assets, net of depreciation and amortization	42,390,269	119,399	42,509,668
Total assets	<u>53,406,445</u>	<u>3,796,655</u>	<u>57,203,100</u>
Deferred Outflows of Resources			
Pension deferrals	2,481,231	314,755	2,795,986
Deferred loss on defeasance of debt	503,892		503,892
Total deferred outflows of resources	<u>2,985,123</u>	<u>314,755</u>	<u>3,299,878</u>
Liabilities			
Accounts payable	1,542,018	292,042	1,834,060
Accrued interest payable	214,319		214,319
Payroll deductions and withholdings payable	2,377,391		2,377,391
Unemployment compensation claims payable	136,167		136,167
Unearned revenue	95,597	24,020	119,617
Net pension liability	12,231,426	1,614,624	13,846,050
Current portion of long-term obligations	2,949,749		2,949,749
Noncurrent portion of long-term obligations	18,442,104		18,442,104
Total liabilities	<u>37,988,771</u>	<u>1,930,686</u>	<u>39,919,457</u>
Deferred Inflow of Resources			
Pension deferrals	8,051,667	1,070,049	9,121,716
Net Position			
Net Investment in capital assets	26,704,868	119,399	26,824,267
Restricted for:			
Debt service	165,301		165,301
Capital reserve	2,480,000		2,480,000
Maintenance reserve	1,182,410		1,182,410
Unemployment compensation	287,038		287,038
Scholarships	125,081		125,081
Student activities	240,775		240,775
Excess surplus	664,728		664,728
Unrestricted (deficit)	<u>(21,499,071)</u>	<u>991,276</u>	<u>(20,507,795)</u>
Total net position	<u>\$ 10,351,130</u>	<u>\$ 1,110,675</u>	<u>\$ 11,461,805</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, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
Instruction	\$ 44,259,531	\$ 2,429,729	\$ 1,658,746	\$ (40,171,056)		\$ (40,171,056)
Support services:						
Attendance/social work	71,159			(71,159)		(71,159)
Health services	465,731			(465,731)		(465,731)
Other support services	5,646,299	433,966	568,969	(4,643,364)		(4,643,364)
Improvement of instruction	1,529,192			(1,529,192)		(1,529,192)
Other support:						
Instructional staff	138,088			(138,088)		(138,088)
School library	635,481			(635,481)		(635,481)
General administration	2,541,669			(2,541,669)		(2,541,669)
School administration	4,938,564			(4,938,564)		(4,938,564)
Required maintenance of plant services	1,636,187			(1,636,187)		(1,636,187)
Operation of plant	4,407,695			(4,407,695)		(4,407,695)
Student transportation	6,287,658	495,602		(5,792,056)		(5,792,056)
Interest on long-term debt	488,515			(488,515)		(488,515)
Total governmental activities	<u>73,045,768</u>	<u>3,359,297</u>	<u>2,227,715</u>	<u>(67,458,756)</u>		<u>(67,458,756)</u>
Business-type activities						
Food service	1,853,738	406,434	1,932,479		\$ 485,175	485,175
Regional day school	5,347,894	6,478,724	154,573		1,285,403	1,285,403
Total business-type activities	<u>7,201,632</u>	<u>6,885,158</u>	<u>2,087,052</u>		<u>1,770,578</u>	<u>1,770,578</u>
	<u>\$ 80,247,400</u>	<u>\$ 10,244,455</u>	<u>\$ 4,314,767</u>	<u>(67,458,756)</u>	<u>1,770,578</u>	<u>(65,688,178)</u>
General revenues:						
Property taxes, levied for general purposes				48,165,843		48,165,843
Property taxes, levied for debt service				2,606,106		2,606,106
Federal sources, unrestricted				115,168		115,168
State sources, unrestricted				19,991,383		19,991,383
Interest income				22,464		22,464
Interest and investment earnings - unrestricted				22,749		22,749
Interest and investment earnings - restricted				471		471
Miscellaneous income				80,552		80,552
Total general revenues				<u>71,004,736</u>		<u>71,004,736</u>
Change in net position				3,545,980	1,770,578	5,316,558
Net position (deficit)—beginning				6,805,150	(659,903)	6,145,247
Net position—ending				<u>\$ 10,351,130</u>	<u>\$ 1,110,675</u>	<u>\$ 11,461,805</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, 2022

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
Assets				
Cash and cash equivalents	\$ 5,946,663	\$ 365,856	\$ 165,301	\$ 6,477,820
Investments	17,390			17,390
Accounts receivable:				
State	1,787,103			1,787,103
Federal	30,760	396,041		426,801
Other	795,663			795,663
Interfund receivable	358,202			358,202
Total assets	<u>\$ 8,935,781</u>	<u>\$ 761,897</u>	<u>\$ 165,301</u>	<u>\$ 9,862,979</u>
Liabilities				
Accounts payable	\$ 73,537	\$ 158,165		\$ 231,702
Interfund payable		142,279		142,279
Payroll deductions and withholdings payable	2,377,391			2,377,391
Unemployment compensation claims payable	136,167			136,167
Unearned revenue		95,597		95,597
Total liabilities	<u>2,587,095</u>	<u>396,041</u>		<u>2,983,136</u>
Fund balances:				
Restricted for:				
Excess Surplus - current year	419,983			419,983
Excess Surplus - prior year - designated for subsequent year's expenditures	244,745			244,745
Unemployment Compensation	287,038			287,038
Scholarships		125,081		125,081
Student Activities		240,775		240,775
Maintenance reserve	1,182,410			1,182,410
Capital reserve	2,480,000			2,480,000
Debt service			\$ 165,301	165,301
Assigned to:				
Other purposes	29,103			29,103
Unreserved - designated for subsequent year's expenditures	10,296			10,296
Unassigned:				
General fund	1,695,111			1,695,111
Total fund balances	<u>6,348,686</u>	<u>365,856</u>	<u>165,301</u>	<u>6,879,843</u>
Total liabilities and fund balances	<u>\$ 8,935,781</u>	<u>\$ 761,897</u>	<u>\$ 165,301</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$105,051,328 and the accumulated depreciation and amortization is \$61,440,241	43,611,087
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.	74,658
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.	(214,319)
Losses and gains from the issuance of refunding bonds are deferred and amortized over the life of the bond.	503,892
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(5,570,436)
Accrued pension contributions for the June 30, 2022 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.	(1,310,316)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(12,231,426)
Long-term liabilities, including bonds payable, leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(21,391,853)
Net position of governmental activities (A-1)	<u>\$ 10,351,130</u>

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, 2022

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
Revenues:				
Local sources:				
Local tax levy	\$ 48,165,843		\$ 2,606,106	\$ 50,771,949
Tuition	2,429,729			2,429,729
Interest income	22,255		209	22,464
Investment income	22,749			22,749
Other restricted miscellaneous revenues	471			471
Miscellaneous	80,552	\$ 501,526		582,078
Total local sources	50,721,599	501,526	2,606,315	53,829,440
State sources	19,947,076	43,957	161,390	20,152,423
Federal sources	115,168	2,116,198		2,231,366
Total revenues	70,783,843	2,661,681	2,767,705	76,213,229
Expenditures:				
Current:				
Instruction	24,454,934	1,658,746		26,113,680
Undistributed-current:				
Instruction	3,879,497			3,879,497
Attendance/social work	52,396			52,396
Health services	465,731			465,731
Support services	2,968,626	915,773		3,884,399
Improvement of instruction	994,886			994,886
School library	416,708			416,708
Instructional staff training	124,963			124,963
General administration	598,135			598,135
School administration	2,171,331			2,171,331
Central services	606,720			606,720
Information technology	490,580			490,580
Required maintenance for school facilities	1,328,303			1,328,303
Operation of plant	4,025,542			4,025,542
Student transportation	4,587,784			4,587,784
Unallocated benefits	9,850,800			9,850,800
On-behalf TPAF social security and pension contributions	12,929,260			12,929,260
Capital outlay	1,573,897	61,717		1,635,614
Debt service:				
Principal			2,205,000	2,205,000
Interest			574,206	574,206
Total expenditures	71,520,093	2,636,236	2,779,206	76,935,535
Excess (deficiency) of revenues over (under) expenditures	(736,250)	25,445	(11,501)	(722,306)
Other financing sources (uses):				
Leases (non-budgeted)	216,853			216,853
Total other financing sources (uses)	216,853		-	216,853
Net change in fund balances	(519,397)	25,445	(11,501)	(505,453)
Fund balances, July 1	6,868,083	340,411	176,802	7,385,296
Fund balances, June 30	<u>\$ 6,348,686</u>	<u>\$ 365,856</u>	<u>\$ 165,301</u>	<u>\$ 6,879,843</u>

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, 2022

Total net change in fund balances - governmental funds (from B-2) \$ (505,453)

Amounts reported for governmental activities in the statement of net activities (A-2) are different because:

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 and amortization expense. This is the amount by which depreciation and amortization expense exceeded capital asset additions in the period.

	\$	1,461,256	
Capital Asset Additions			
Depreciation/Amortization Expense		(3,040,707)	(1,579,451)

Repayments of bond principal and 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.

		2,205,000	
Serial Bonds Payable			
Financed Purchases Payable		636,132	
Obligations Under Leases		48,970	2,890,102

Proceeds from leases are a financing source in the governmental funds. They are not revenue in the statement of net position; the value of leases increase long-term liabilities in the statement of net position. (216,853)

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.

			2,510,287
Pension and Related Changes in Deferrals			

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.

		139,043	
Amortization of Premiums on Bonds			
Amortization of Discounts on Bonds		(4,649)	
Amortization of Deferred Loss on Defeasance		(87,989)	46,405

Internal service funds are used by the District to charge the costs of the internal programs to the individual funds. The activities of this fund are included in the statement of net position. 181

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 the prior year. 39,286

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). 361,476

Change in net position of governmental activities (A-2) \$ 3,545,980

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, 2022

	Major Funds			Internal Service Funds
	Business Type Activities - Enterprise Funds			
	Food Service	Regional Day School	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 632,597	\$ 2,117,323	\$ 2,749,920	\$ 1,171
Accounts receivable:				
State	2,969	7,595	10,564	
Federal	172,479		172,479	
Other	98,468	624,233	722,701	289,410
Inventories	21,592		21,592	
Total current assets	<u>928,105</u>	<u>2,749,151</u>	<u>3,677,256</u>	<u>290,581</u>
Noncurrent assets:				
Capital assets:				
Vehicles and equipment	824,421	2,538,989	3,363,410	
Accumulated depreciation	<u>(719,713)</u>	<u>(2,524,298)</u>	<u>(3,244,011)</u>	
Total capital assets, net	<u>104,708</u>	<u>14,691</u>	<u>119,399</u>	
Total noncurrent assets	<u>104,708</u>	<u>14,691</u>	<u>119,399</u>	
Total assets	<u>1,032,813</u>	<u>2,763,842</u>	<u>3,796,655</u>	<u>290,581</u>
Deferred Outflow of Resources				
Pension deferrals		<u>314,755</u>	<u>314,755</u>	
Liabilities				
Current liabilities:				
Accounts payable	111,167	180,875	292,042	
Interfund payable				215,923
Unearned revenue	<u>16,312</u>	<u>7,708</u>	<u>24,020</u>	
Total current liabilities	<u>127,479</u>	<u>188,583</u>	<u>316,062</u>	<u>215,923</u>
Noncurrent liabilities:				
Net pension liability		<u>1,614,624</u>	<u>1,614,624</u>	
Total noncurrent liabilities		<u>1,614,624</u>	<u>1,614,624</u>	
Total liabilities	<u>127,479</u>	<u>1,803,207</u>	<u>1,930,686</u>	<u>215,923</u>
Deferred Inflow of Resources				
Pension deferrals		<u>1,070,049</u>	<u>1,070,049</u>	
Net Position				
Investment in capital assets	104,708	14,691	119,399	
Unrestricted	800,626	190,650	991,276	74,658
Total net position	<u>\$ 905,334</u>	<u>\$ 205,341</u>	<u>\$ 1,110,675</u>	<u>\$ 74,658</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, 2022

	Major Funds			Internal Service Funds
	Business Type Activities - Enterprise Funds			
	Food Service	Regional Day School	Totals	
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 92,318		\$ 92,318	
Daily food sales non-reimbursable programs	292,349		292,349	
Special functions	21,767		21,767	
Tuition		\$ 6,449,063	6,449,063	
Miscellaneous revenue		29,661	29,661	
Total local sources	<u>406,434</u>	<u>6,478,724</u>	<u>6,885,158</u>	
Services provided to other funds				\$ 495,602
Total operating revenues	<u>406,434</u>	<u>6,478,724</u>	<u>6,885,158</u>	<u>495,602</u>
Operating expenses:				
Salaries	515,712	3,559,103	4,074,815	62,404
Employee benefits	109,225	1,296,367	1,405,592	39,500
Purchased professional services	74,319	34,561	108,880	350,948
Purchased property services	25,469	74,222	99,691	
Other purchased services	131,868	171,714	303,582	
Supplies and materials	76,685	140,585	217,270	17,069
Depreciation	12,393	2,519	14,912	
Cost of sales program	660,740		660,740	
Cost of sales non-program	238,173		238,173	
Other objects	9,154	68,823	77,977	25,500
Total operating expenses	<u>1,853,738</u>	<u>5,347,894</u>	<u>7,201,632</u>	<u>495,421</u>
Operating (loss) income	(1,447,304)	1,130,830	(316,474)	181
Nonoperating revenues:				
State sources:				
State school lunch program	32,990		32,990	
Reimbursed TPAF social security contribution		154,573	154,573	
Federal sources:				
National school lunch program	1,405,051		1,405,051	
School breakfast program	396,806		396,806	
P-EBT administrative cost reimbursements	3,135		3,135	
Food donation program	94,497		94,497	
Total nonoperating revenues	<u>1,932,479</u>	<u>154,573</u>	<u>2,087,052</u>	
Change in net position	485,175	1,285,403	1,770,578	181
Total net position (deficit)-beginning	<u>420,159</u>	<u>(1,080,062)</u>	<u>(659,903)</u>	<u>74,477</u>
Total net position-ending	<u>\$ 905,334</u>	<u>\$ 205,341</u>	<u>\$ 1,110,675</u>	<u>\$ 74,658</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, 2022

	Major Funds			Internal Service Funds
	Business Type Activities -			
	Food Service	Enterprise Funds Regional Day School	Totals	
Cash flows from operating activities				
Receipts from customers	\$ 335,565	\$ 6,511,266	\$ 6,846,831	\$ 618,885
Payments to employees	(515,712)	(3,559,103)	(4,074,815)	(62,404)
Payments for employee benefits	(109,225)	(1,668,424)	(1,777,649)	(39,500)
Payments to suppliers	(1,070,417)	(460,643)	(1,531,060)	(393,517)
Payments for insurance	(74,319)	(34,561)	(108,880)	
Net cash (used in) provided by operating activities	(1,434,108)	788,535	(645,573)	123,464
Cash flows from noncapital financing activities				
Cash received from state and federal reimbursements	1,992,621	146,978	2,139,599	
Receipts and payments to other funds				(123,283)
Net cash provided by (used in) noncapital financing activities	1,992,621	146,978	2,139,599	(123,283)
Cash flows from capital and related financing activities				
Purchases of capital assets - equipment	(28,872)	-	(28,872)	
Net cash (used in) capital and related financing activities	(28,872)	-	(28,872)	
Net increase in cash and cash equivalents	529,641	935,513	1,465,154	181
Cash and cash equivalents, beginning of year	102,956	1,181,810	1,284,766	990
Cash and cash equivalents, end of year	<u>\$ 632,597</u>	<u>\$ 2,117,323</u>	<u>\$ 2,749,920</u>	<u>\$ 1,171</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:				
Operating (loss) income	\$ (1,447,304)	\$ 1,130,830	\$ (316,474)	\$ 181
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation	12,393	2,519	14,912	
Change in assets, deferred outflows, liabilities and deferred inflows:				
(Increase) decrease in accounts receivable	(60,619)	39,834	(20,785)	123,283
Decrease in inventory	2,600		2,600	
Decrease in deferred outflows of resources		158,945	158,945	
Increase in deferred inflows of resources		82,325	82,325	
(Decrease) in net pension liability		(613,327)	(613,327)	
Increase in accounts payable	69,072	(5,299)	63,773	
(Decrease) in unearned revenue	(10,250)	(7,292)	(17,542)	
Net cash (used in) provided by operating activities	<u>\$ (1,434,108)</u>	<u>\$ 788,535</u>	<u>\$ (645,573)</u>	<u>\$ 123,464</u>

Noncash noncapital related financing activities:

The District received \$89,819 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2022.

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, 2022

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, 2022

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 and proprietary 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 lease acquisitions are reported as other financing sources.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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 criteria defined by the 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 criteria defined by the Governmental 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, 2022

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, 2022

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, 2022 and were not significant.

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. With the District's implementation of GASB No. 84, federal, state, and local

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

grants remain on the budgetary basis and student activities and scholarships recognize revenue upon cash received and expenditures incurred when paid.

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, 2022, the District had inventories in the Food Service Enterprise fund of \$21,592, \$4,560 of which represent unused Food Donation Program commodities, which are also reported as unearned revenue.

G. Capital Assets

Capital assets are tangible and intangible 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 (except intangible right-to-use lease assets, which is discussed in note 5 long-term liabilities) are recorded at historical cost. Donated capital assets are valued at their estimated acquisition value on the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. 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.

Land is not depreciated. The other tangible and intangible property, plant, equipment and right-to-use leased assets of the District are depreciated using the straight-line method over the following estimated useful lives.

	<u>Years</u>
Machinery and equipment	2-20
Buildings	40
Building improvements	20
Vehicles	5-10
Right-to-use-leased equipment	3-5

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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, 2022, a liability existed for compensated absences in the government-wide financial statements in the amount of \$3,981,741 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 assets 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 assets 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, 2022

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. Leases

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, "Leases". The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the district-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At commencement of a lease, the District initially measures the lease liability at the value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include:

Discount Rate	The District uses the interest rate charged by the lessor as indicated in the agreement. When the interest rate charged by the lessor is not provided the District generally uses its estimated incremental borrowing rate as the rate for leases.
Lease Term	The lease term includes the noncancellable period of the lease.
Lease Payments	Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price that the District is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

L. 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, 2022, the District has recorded an unamortized balance of \$503,892 as a deferred outflow of resources and recognized amortization expense of \$87,989.

M. 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.

N. Fund Balances

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

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

- 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 \$6,348,686 of fund balances in the General Fund, \$244,745 has been classified as restricted fund balance designated for subsequent years expenditures – prior year excess surplus, \$3,662,410 has been classified as restricted for maintenance reserve and capital reserve in the amounts of \$1,182,410 and \$2,480,000, respectively, \$419,983 has been restricted for excess surplus – current year, \$1,695,111 is classified as unassigned, \$29,103 is assigned to other purposes, \$10,296 is assigned to unreserved – designated for subsequent year's expenditures \$287,038 has been classified as restricted for Unemployment Compensation. The fund balance in the Debt Service Fund in the amount of \$165,301 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 \$240,775 and \$125,081, respectively.

O. 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.

P. 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 decreased by \$(117,083) 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

Q. 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.

R. 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, 2022 was \$644,728. Of this amount, \$244,745 has been appropriated in the 2022/23 budget and the remaining \$419,983 is required to be appropriated in the 2023/24 budget.

S. 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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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, 2022, none were deemed material to the Manchester Township School District and therefore further disclosure is not required.

T. Recently Issued Accounting Pronouncements

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 June 15, 2021. Management has reviewed the requirements of GASB No.87 and has implemented the Statement effective for the year ended June 30, 2022. See Note 5 long term liabilities- leases payable in the notes to the financial statements which discloses the effects of the District's adoption of the provisions of GASB No. 87, "*Leases*".

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

U. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2022 through March 1, 2023, the date that the financial statements were available to be 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, 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 \$21,391,853 difference are as follows:

Bonds payable	\$	14,910,000
Premium on bonds		900,961
Financing leases payable		1,625,886
Discount on bonds		(26,736)
Compensated absences		3,981,742
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>21,391,853</u>

3. Cash and Equivalents

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

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

3. Cash and Equivalents (continued)

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

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

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

Deposits

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

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

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

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

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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

3. Cash and Equivalents (continued)

Operating cash accounts are held in the District's name by one institution. At June 30, 2022 the carrying amount of the District's deposits was \$8,020,934 and the bank balance was \$9,514,632.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2022 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$6,721,042. \$2,543,590 held in the District's payroll and agency accounts are not covered by GUDPA.

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

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

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA.

As of June 30, 2022, the District's investment balances of \$17,390 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, 2022:

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

3. Cash and Equivalents (continued)

- Solar Renewable Energy Credits in the amount of \$17,390 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, 2022, the District’s balance was \$1,207,977. All investments in the NJCMF are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

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

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

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2022, 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2022:

	Beginning Balance	Increases	Ending Balance
Governmental activities:			
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 and amortized:			
Buildings and building improvements	79,556,989	\$ 453,191	80,010,180
Machinery, equipment and vehicles	22,812,265	791,212	23,603,477
Right-to-use leased equipment		216,853	216,853
Total capital assets being depreciated and amortized	102,369,254	1,461,256	103,830,510
Less accumulated depreciation and amortization for:			
Buildings and building improvements	39,965,496	2,032,658	41,998,154
Machinery, equipment and vehicles	18,434,038	964,678	19,398,716
Right-to-use leased equipment		43,371	43,371
Total accumulated depreciation and amortization	58,399,534	3,040,707	61,440,241
Total capital assets, being depreciated and amortized, net	43,969,720	(1,579,451)	42,390,269
Governmental activities capital assets, net	<u>\$ 45,190,538</u>	<u>\$ (1,579,451)</u>	<u>\$ 43,611,087</u>

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

Instruction	\$ 1,257,578
General administration	<u>1,783,129</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 3,040,707</u>

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2022:

	Beginning Balance	Increases	Ending Balance
Business-type Activities:			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 3,334,538	\$ 28,872	\$ 3,363,410
Less accumulated depreciation for:			
Equipment and vehicles	3,229,099	14,912	3,244,011
Total business-type activities capital assets, net	<u>\$ 105,439</u>	<u>\$ 13,960</u>	<u>\$ 119,399</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, 2022

5. Long-Term Liabilities

During the fiscal year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 4,343,217	\$ 24,924	\$ 386,400	\$ 3,981,741	\$ 64,000
Bonds payable	17,115,000		2,205,000	14,910,000	2,220,000
Premium on bonds	1,040,005		139,043	900,962	139,043
Discount on bonds	(31,385)		(4,649)	(26,736)	(4,649)
Obligations under financed purchase leases	2,094,135	216,853	685,102	1,625,886	531,355
Subtotal	24,560,972	241,777	3,410,896	21,391,853	2,949,749
Net pension liability	16,369,571		4,138,145	12,231,426	
Governmental activity long-term liabilities	\$ 40,930,543	\$ 241,777	\$ 7,549,041	\$ 33,623,279	\$ 2,949,749
Business-type activities:					
Net pension liability	\$ 2,227,951		\$ 613,327	\$ 1,614,624	
	\$ 2,227,951		\$ 613,327	\$ 1,614,624	

The District expects to liquidate the balance in compensated absences and obligations under all 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 an annual fixed interest rates ranging from \$820,000 to \$1,100,000 and 3.00% to 5.00%, respectively as of June 30, 2022. The bonds are direct obligations of the District for which the full faith and credit of the District is pledged.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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 \$620,000 to \$750,000 and 2.25% to 3.00%, respectively as of June 30, 2022.

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 ranging from \$445,000 to \$505,000 at an annual fixed interest rate of 4.00% as of June 30, 2022.

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

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Year ending June 30:					
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	1,970,000		197,097		2,167,097
2028-2030	4,335,000		252,325		4,587,325
	<u>\$ 14,910,000</u>	<u>\$</u>	<u>1,945,110</u>	<u>\$</u>	<u>16,855,110</u>

See page 106 for additional information regarding the District's bonds payable.

Leases Payable

Governmental Funds

For the year ended June 30, 2022, the District recognized a lease liability with an initial, individual value of \$216,853. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price of \$175,220 that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. The District has leases outstanding for various purposes (School buses, computers, office equipment and copiers) with rates ranging from 0.00% to 5.00%.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

5. Long-Term Liabilities (continued)

On June 15, 2020, Manchester Township School District entered into a 60 month lease as lessee for four Savin copier machines. An initial lease liability was recorded in the amount of \$216,853. The equipment's estimated useful life is 60 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$216,853 with accumulated amortization of \$43,371 is included with equipment on the lease class activities table found below.

The following is a summary of financed purchased leases principal and interest payments to maturity:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Year ending June 30:					
2023	\$ 480,497	\$	27,982	\$	508,479
2024	354,244		18,781		373,025
2025	234,443		11,944		246,387
2026	136,215		7,302		143,517
2027	138,902		4,615		143,517
2028-2030	113,703		2,819		116,522
	<u>\$ 1,458,004</u>	<u>\$</u>	<u>73,443</u>	<u>\$</u>	<u>1,531,447</u>

The following is a summary of obligations under leases principal and interest payments to maturity:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Year ending June 30:					
2023	\$ 50,858	\$	5,489	\$	56,347
2024	52,819		3,528		56,347
2025	54,858		1,489		56,347
2026	9,348		44		9,392
	<u>\$ 167,883</u>	<u>\$</u>	<u>10,550</u>	<u>\$</u>	<u>178,433</u>

See page 118 for additional information regarding the District's leases. The assets acquired through leases at June 30, 2022 are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery, equipment and vehicles	\$ 4,289,118
Right-to-use-asset (leased equipment)	216,853
Less amortization expense	(43,371)
Less accumulated depreciation	(2,691,530)
Total	<u>\$ 1,771,070</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans

Description of Systems

Substantially all of the District'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 District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

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

Public 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 1/55th of the average annual compensation for the highest three

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

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

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Pursuant to P.L. 2011, c.78 (Chapter 78), the Pension and Health Benefit Reform, the PERS and TPAF employees' pension contribution rates were 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, 2022, the State of New Jersey contributed \$11,204,237 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 \$1,879,702 during the year ended June 30, 2022 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 \$1,725,023 and \$154,679, 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, 2022, 2021, and 2020 was \$1,368,787, \$1,247,581 and \$1,139,006, 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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

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 Employees' Retirement System (PERS)

At June 30, 2022, the District reported a liability of \$13,846,050 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2020, which was rolled forward to June 30, 2021. 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, 2022, the District's proportion was 0.1168788350 percent, which was an increase of 0.0028352774% from its proportion measured as of June 30, 2021.

Actuarial Assumptions

For the year ended June 30, 2022, the District recognized full accrual pension benefit of \$1,505,573 in the government-wide financial statements. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 72,110	\$ 4,929,284
Net difference between projected and actual earnings on pension plan investments		3,647,413
Changes in proportion	1,015,107	445,898
Difference between expected and actual experience	218,370	99,121
District contributions subsequent to the measurement date	1,490,399	
	<u>\$ 2,795,986</u>	<u>\$ 9,121,716</u>

\$1,490,399 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the net pension liability as follows:

Year ended June 30:	
2022	\$ (3,003,715)
2023	(2,141,308)
2024	(1,573,996)
2025	(1,109,972)
2026	12,862
	<u>\$ (7,816,129)</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

The actuarial assumptions used in the July 1, 2020 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-2021.

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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in 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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

Best estimates arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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.

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, 2021, calculated using the discount rate as disclosed above as well as what the net pension

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 18,855,512	\$ 13,846,050	\$ 9,594,811

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, 2021 are as follows:

Deferred outflows of resources	\$ 1,164,738,169
Deferred inflows of resources	8,339,123,762
Net pension liability	11,972,782,878
 District's proportion	 0.1168788350%

Collective Pension benefit for the Local Group for the measurement period ended June 30, 2021 is \$(1,599,674,464).

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, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years, respectively.

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

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, 2021 was \$105,875,600. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2202291927% percent, which was a decrease of 0.0026619763% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$2,491,299 for contributions incurred by the State.

Actuarial assumptions

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

Inflation 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%

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100%</u>	

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 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, 2021 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 125,268,520	\$ 105,875,600	\$ 89,586,766

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	\$ 6,356,228,800
Deferred inflows of resources	27,175,330,929
Net pension liability	48,075,188,642
District's proportion	0.2202291927%

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

Collective pension expense for the plan for the measurement period ended June 30, 2020 is \$1,159,039,411.

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, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 is 7.93, 8.04, 8.29, 8.30, 8.30 and 8.30 years, respectively.

7. Post-Retirement Benefits

General Information about the OPEB Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as “the employers”) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen’s Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,850,970 for this special funding situation.

The State’s contributions to the SHBP Fund for TPAF retirees’ post-retirement medical benefits on behalf of the District for the years ended June 30, 2022, 2021 and 2020 were \$2,121,402, \$2,044,394, and \$1,846,185, respectively, which equaled the required contributions for each year.

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 State, a non-employer 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 GASB No.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

75 is zero percent. Accordingly, the District did not recognize any portion of the collective OPEB liability on the Statement of Net Position. The State's proportionate share of the OPEB liability associated with the District as of June 30, 2021 was \$167,355,050. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Additional information on Pensions and OPEB can be accessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021 and included in the June 30, 2021 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<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	2.75 - 5.65%	3.00 - 7.00%
	based on years of service	based on age

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the actual experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Healthcare Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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:

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2021 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (1.16%)	At Current Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 200,465,078	\$ 167,355,050	\$ 141,282,891

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2021 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 135,474,457	\$ 167,355,050	\$ 210,168,331

Changes in the Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2022:

Balance at June 30, 2021		\$ 190,735,866
Increased by:		
Service cost	\$ 8,319,009	
Interest cost	4,341,366	
Changes of assumptions	165,108	
Member contributions	<u>110,987</u>	
		<u>12,936,470</u>
		203,672,336
Decreased by:		
Gross benefit payments	3,419,781	
Change of benefit terms	178,129	
Differences between expected and actual experience	32,719,376	
		<u>36,317,286</u>
Balance at June 30, 2022		<u><u>\$ 167,355,050</u></u>

Plan Membership

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2021</u>
Active Plan Members	213,901
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	150,427
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	<u><u>364,328</u></u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

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

For the year ended June 30, 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 Local Education Group at June 30, 2021 are as follows:

Deferred outflows of resources	\$ 21,546,947,255
Deferred inflows of resources	\$ 26,769,148,209
Collective OPEB expense	\$ 3,527,672,060

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2022 amounted to \$358,202 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 358,202	
Special Revenue Fund		\$ 142,279
Internal Service Fund		215,923
	\$ 358,202	\$ 358,202

The interfund payable in the Internal Service Fund in the amount of \$215,923 represents short-term loans from the General Fund at June 30, 2022. The interfund payable in the Special Revenue Fund in the amount of \$142,279 represents short-term loans from the General Fund at June 30, 2022. All interfunds are expected to be liquidated within one year.

9. Economic Dependency

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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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, 2022 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.

During fiscal year 2021 and 2022, 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 and \$78,719 respectively, 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 2022, and the amounts due are not known, no provision has been made in the District's financial statements for any 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 typically billed quarterly for amounts due to the State.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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).

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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning balance, July 1, 2021	\$	992,410
Deposit:		
Approved by June 2022 board resolution		650,000
Decrease		
Withdrawal approved by board resolution		460,000
Ending Balance, June 30, 2022	<u>\$</u>	<u>1,182,410</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, 2022.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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 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, 2021	\$	1,645,000
Deposit:		
Approved by June 2022 board resolution		1,500,000
Withdrawals:		
Approved by board resolution		665,000
Ending Balance, June 30, 2022	<u>\$</u>	<u>2,480,000</u>

The June 30, 2022 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. The activity of the unemployment reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning balance, July 1, 2021	\$	286,567
Deposit:		
Interest		471
Ending Balance, June 30, 2022	<u>\$</u>	<u>287,038</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

16. Commitments

The District has contractual commitments at June 30, 2022 to various vendors, which are recorded in the general fund and special revenue fund in the amount of \$29,103 and \$815,633, respectively.

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, 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	Year Ended June 30, 2022
District's proportion of the net pension liability (asset) - Local Group	N/A	0.0969028258%	0.1028722510%	0.1036174300%	0.1116781800%	0.1103678221%	0.1145648379%	0.1170960866%	0.1140435576%	0.1168788350%
District's proportionate share of the net pension liability (asset)	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	\$ 13,846,050
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	\$ 8,592,199	\$ 9,022,168
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	279.71%	275.77%	312.83%	448.72%	329.81%	274.43%	258.40%	216.45%	153.47%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	48.72%	48.62%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

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, 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	Year Ended June 30, 2022
Contractually required contribution	\$ 783,546	\$ 730,143	\$ 848,064	\$ 890,832	\$ 992,133	\$ 1,022,440	\$ 1,139,006	\$ 1,247,581	\$ 1,368,787	\$ 1,490,399
Contributions in relation to the contractually required contribution	(783,546)	(730,143)	(848,064)	(890,832)	(992,133)	(1,022,440)	(1,139,006)	(1,247,581)	(1,368,787)	(1,490,399)
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	\$ 6,621,053	\$ 6,984,188	\$ 7,435,341	\$ 7,371,084	\$ 7,789,867	\$ 8,219,717	\$ 8,165,284	\$ 8,374,916	\$ 8,592,199	\$ 9,022,168
Contributions as a percentage of covered-employee payroll	11.83%	10.45%	11.41%	12.09%	12.74%	12.44%	13.95%	14.90%	15.93%	16.52%

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 Seven 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	Year Ended June 30, 2022
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%	0.2202291927%
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	\$ 105,875,600
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>	<u>\$ 105,875,600</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%	35.52%

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

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available. Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

See Note to Required Supplementary Information

Manchester Township School District
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District and
Changes in the OPEB Liability and Related Ratios

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

	Year Ended June 30, 2022	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 -	0.28%	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	\$ 167,355,050	\$ 190,735,866	\$ 116,413,621	\$ 130,117,964	\$ 151,193,397
Total proportionate share of the OPEB liability associated with the District	<u>\$ 167,355,050</u>	<u>\$ 190,735,866</u>	<u>\$ 116,413,621</u>	<u>\$ 130,117,964</u>	<u>\$ 151,193,397</u>
Beginning Balance	\$ 190,735,866	\$ 116,413,621	\$ 130,117,964	\$ 151,193,397	\$ 163,661,392
Increased by:					
Service cost	8,319,009	4,641,582	4,604,429	5,187,247	\$ 6,248,357
Interest cost	4,341,366	4,181,068	5,147,295	5,538,829	4,794,700
Changes of assumptions	165,108	34,840,888	1,735,737		
Differences between expected and actual experience	-	33,878,615			
Member Contributions	110,987	100,646	105,930	120,250	128,951
	<u>203,672,336</u>	<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	32,719,376	-	21,724,183	13,510,763	
Changes of benefit terms	178,129				
Changes of assumptions	<u>3,419,781</u>	<u>3,320,554</u>	<u>3,573,551</u>	<u>14,931,688</u>	20,138,043
Gross benefit payments	36,317,286	3,320,554	25,297,734	31,921,759	23,640,003
Ending Balance	<u>\$ 167,355,050</u>	<u>\$ 190,735,866</u>	<u>\$ 116,413,621</u>	<u>\$ 130,117,964</u>	<u>\$ 151,193,397</u>
Covered by employee payroll	\$ 34,114,009	\$ 33,760,253	\$ 32,895,329	\$ 31,860,299	\$ 32,227,033
Total OPEB liability as a percentage of covered employee payroll.	490.58%	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, 2022**

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was unchanged from 7.00% as of June 30, 2020 and June 30, 2021.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

**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 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 48,165,843		\$ 48,165,843	\$ 48,165,843	
Tuition	2,393,555		2,393,555	2,429,729	\$ 36,174
Interest income	15,000		15,000	22,255	7,255
Interest earned on maintenance reserve funds	50		50		(50)
Interest earned on capital reserve funds	100		100		(100)
Other restricted miscellaneous revenues				471	471
Miscellaneous	36,925		36,925	80,552	43,627
Total revenues - local sources	50,611,473		50,611,473	50,698,850	87,377
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	882,464		882,464	882,464	
Categorical transportation aid	1,989,096		1,989,096	1,989,096	
Extraordinary Aid	650,000		650,000	1,616,271	966,271
On-behalf TPAF pension contributions (non-budgeted)				9,079,774	9,079,774
On-behalf TPAF post-retirement medical contributions (non-budgeted)				2,121,402	2,121,402
On-behalf TPAF long-term disability ins contributions (non-budgeted)				3,061	3,061
Reimbursed TPAF social security contributions (non-budgeted)				1,725,023	1,725,023
School security grant		\$ 163,936	163,936	163,936	
Other state aid- non public transportation				19,555	19,555
Total - state sources	5,851,300	163,936	6,015,236	19,930,322	13,915,086
Federal sources:					
Medical assistance program	92,067		92,067	115,168	23,101
Total - federal sources	92,067	-	92,067	115,168	23,101
Total revenues	56,554,840	163,936	56,718,776	70,744,340	14,025,564
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	646,230	(20,006)	626,224	625,735	489
Grades 1-5	5,519,884	63,956	5,583,840	5,582,982	858
Grades 6-8	3,488,045	59,805	3,547,850	3,546,923	927
Grades 9-12	5,440,498	(40,481)	5,400,017	5,379,763	20,254
	15,094,657	63,274	15,157,931	15,135,403	22,528
Home instruction:					
Salaries of teachers	60,000	24,264	84,264	84,264	
Purchased professional educational services	30,000	(7,727)	22,273	22,088	185
Other purchased services	600		600	125	475
	90,600	16,537	107,137	106,477	660
Undistributed instruction-regular programs					
Unused vacation payment to terminated/retired staff					
		60,708	60,708	59,806	902
Purchased professional educational services					
		17,200	17,200	17,200	
Other purchased services					
	13,000	(6,618)	6,382	5,499	883
General supplies					
	393,500	(12,553)	380,947	371,722	9,225
Textbooks					
	461,194	14,494	475,688	473,782	1,906
Other objects					
	109,650	12,667	122,317	121,679	638
	977,344	85,898	1,063,242	1,049,688	13,554
Total instruction - regular programs	16,162,601	165,709	16,328,310	16,291,568	36,742

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special education (continued):					
Preschool disabilities - part-time:					
Salaries of teachers	\$ 210,403	\$ (1,534)	\$ 208,869	\$ 207,531	\$ 1,338
Other salaries for instruction	191,646	(1,193)	190,453	186,800	3,653
General supplies	2,670		2,670	2,043	627
Other objects	1,600		1,600	760	840
Total preschool disabilities - part-time	406,319	(2,727)	403,592	397,134	6,458
Learning and/or language disabilities:					
Salaries of teachers	255,904	114,200	370,104	370,104	
Other salaries for instruction	1,692,785	291,305	1,984,090	1,983,795	295
Unused vacation payment to terminated/retired staff		3,987	3,987	3,987	
General supplies	6,320		6,320	5,583	737
Textbooks	950		950	450	500
Total learning and/or language disabilities	1,955,959	409,492	2,365,451	2,363,919	1,532
Visual impairments:					
Purchased professional educational services	62,077	(29,837)	32,240	32,025	215
Total visual impairments	62,077	(29,837)	32,240	32,025	215
Behavioral disabilities:					
Salaries of teachers		12,585	12,585	12,585	
Total behavioral disabilities	-	12,585	12,585	12,585	-
Multiple disabilities:					
Salaries of teachers	195,389	45,216	240,605	239,745	860
Other salaries for instruction	258,506	(32,840)	225,666	225,666	
General supplies	2,100		2,100	1,641	459
Other objects	200		200	200	
Total multiple disabilities	456,195	12,376	468,571	467,052	1,519
Autism					
Salaries of teachers	301,179	(43,393)	257,786	256,346	1,440
Other salaries for instruction	280,140	(59,780)	220,360	219,793	567
General supplies	6,750		6,750	5,069	1,681
	588,069	(103,173)	484,896	481,208	3,688
Resource room/center:					
Salaries of teachers	3,314,591	(306,145)	3,008,446	3,008,446	
General supplies	10,055		10,055	6,987	3,068
Textbooks	1,400		1,400	900	500
Total resource room/center	3,326,046	(306,145)	3,019,901	3,016,333	3,568
Total special education	6,794,665	(7,429)	6,787,236	6,770,256	16,980

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures (continued)					
Current expenditures (continued):					
Bilingual education:					
Salaries of teachers	\$ 178,028		\$ 178,028	\$ 178,028	
General supplies	750		750	740	\$ 10
Other objects	250		250	250	
Total bilingual education	<u>179,028</u>		<u>179,028</u>	<u>179,018</u>	<u>10</u>
School - sponsored cocurricular activities:					
Salaries	219,400	\$ (21,764)	197,636	193,952	3,684
Supplies and materials	2,300	(2,300)			
Other objects	11,900	(1,000)	10,900	9,500	1,400
Total school - sponsored cocurricular activities	<u>233,600</u>	<u>(25,064)</u>	<u>208,536</u>	<u>203,452</u>	<u>5,084</u>
School - sponsored athletics - instruction:					
Salaries	555,000	11,049	566,049	566,049	
Purchased services	15,000	(2,750)	12,250	12,250	
Supplies and materials	83,150	(150)	83,000	81,836	1,164
Other objects	93,350	9,300	102,650	100,426	2,224
Total school - sponsored athletics - instruction	<u>746,500</u>	<u>17,449</u>	<u>763,949</u>	<u>760,561</u>	<u>3,388</u>
Other instructional programs:					
Salaries	231,360	20,217	251,577	250,079	1,498
Total other instructional programs	<u>231,360</u>	<u>20,217</u>	<u>251,577</u>	<u>250,079</u>	<u>1,498</u>
Total instruction	<u>24,347,754</u>	<u>170,882</u>	<u>24,518,636</u>	<u>24,454,934</u>	<u>63,702</u>

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	\$ 180,000	\$ (36,112)	\$ 143,888	\$ 143,887	\$ 1
Tuition to other LEAs within the state-regular	25,000	9,919	34,919	34,919	
Tuition to County Voc. school dist.- Regular	205,000	(37,305)	167,695	167,622	73
Tuition to CSSD and regional day schools	1,175,900	151,218	1,327,118	1,327,118	
Tuition to private school for the handicapped - within state	1,787,582	251,237	2,038,819	2,038,676	143
Tuition - state facilities	61,944		61,944	61,944	
Tuition - other		105,699	105,699	105,331	368
Total undistributed instruction-tuition	3,435,426	444,656	3,880,082	3,879,497	585
Attendance and social work services:					
Salaries	33,437		33,437	33,437	
Other objects	18,500	459	18,959	18,959	
Total attendance and social work service	51,937	459	52,396	52,396	-
Health services:					
Salaries	447,364	2,144	449,508	449,508	
Purchased professional and technical services	38,850	(30,724)	8,126	7,868	258
Supplies and materials	6,525	2,594	9,119	8,355	764
Total health services	492,739	(25,986)	466,753	465,731	1,022
Other support services - students - Speech,OT,PT, & Related Services:					
Salaries	508,577	(483)	508,094	508,094	
Supplies and materials	3,250	37	3,287	1,614	1,673
Total other support services - students - related services	511,827	(446)	511,381	509,708	1,673
Other support services - students - extra services:					
Other salaries for instruction	23,500	1,906	25,406	25,406	
Purchased professional educational services	6,628	(3,774)	2,854	1,802	1,052
Supplies and materials	2,475	2,946	5,421	5,335	86
Other objects	450		450	450	
Total other support services - students - extra services	33,053	1,078	34,131	32,993	1,138

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Guidance:					
Salaries of other professional staff	\$ 892,787	\$ (58,152)	\$ 834,635	\$ 834,416	\$ 219
Salaries of secretarial and clerical assts.	128,636	(3,500)	125,136	124,535	601
Unused vacation payment to terminated/retired staff		7,602	7,602	7,602	
Other objects	5,000	3,683	8,683	8,308	375
Total guidance	1,026,423	(50,367)	976,056	974,861	1,195
Child Study Teams:					
Salaries of other professional staff	1,109,345	(7,079)	1,102,266	1,102,257	9
Salaries of secretarial and clerical assts.	142,002		142,002	142,002	
Unused vacation payment to terminated/retired staff		11,506	11,506	11,477	29
Purchased professional - educational services	250,000	(105,531)	144,469	144,469	
Other purchased services	8,055	(4,250)	3,805	3,110	695
Supplies and materials	3,780	1,397	5,177	4,943	234
Other objects	27,100	19,235	46,335	42,806	3,529
Total child study teams	1,540,282	(84,722)	1,455,560	1,451,064	4,496
Improvement of instructional services:					
Salaries of supervisors of instruction	490,579		490,579	490,578	1
Salaries of other professional staff	315,974	(10,672)	305,302	305,302	
Salaries of secretarial and clerical assts	97,620		97,620	97,620	
Unused vacation payment to terminated/retired staff		58,664	58,664	58,664	
Supplies and materials	15,000	9,900	24,900	24,766	134
Other objects	20,100	(1,500)	18,600	17,956	644
Total improvement of instructional services	939,273	56,392	995,665	994,886	779
Educational media services/ school library:					
Salaries	390,866	(1,000)	389,866	389,866	
Supplies and materials	29,577		29,577	26,842	2,735
Total educational media services/ school library	420,443	(1,000)	419,443	416,708	2,735

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional staff training services:					
Salaries of other professional staff	\$ 25,000	\$ (1,548)	\$ 23,452	\$ 23,391	\$ 61
Other purchased services	1,000		1,000	154	846
Other objects	94,313	10,923	105,236	101,418	3,818
Total instructional staff training services	120,313	9,375	129,688	124,963	4,725
Support services-general administration:					
Salaries	244,831	(14,602)	230,229	230,229	
Unused vacation payment to terminated/retired staff		55,622	55,622	55,622	
Legal services	34,000	7,050	41,050	41,046	4
Audit fees	61,000	(5,700)	55,300	55,300	
Architectural/engineering services	48,000	20,868	68,868	57,391	11,477
Communications/telephone	53,500	(30,000)	23,500	21,270	2,230
BOE other purchased services	35,200	(4,200)	31,000	28,556	2,444
Other purchased services	85,000	(17,029)	67,971	67,971	
BOE membership dues and fees	27,000	570	27,570	26,373	1,197
Miscellaneous expenditures	25,200	(10,500)	14,700	14,377	323
Total support services general administration	613,731	2,079	615,810	598,135	17,675
Support services-school administration:					
Salaries of principals/assistant principals	1,295,146		1,295,146	1,295,145	1
Salaries of secretarial and clerical assistants	767,162	11,617	778,779	778,779	
Unused vacation payment to terminated/retired staff		97,469	97,469	97,407	62
Total support services-school administration	2,062,308	109,086	2,171,394	2,171,331	63
Undistributed expenditures-central services:					
Salaries	489,902	5,312	495,214	494,714	500
Miscellaneous purchased services	13,500	(5,500)	8,000	7,612	388
Other objects	84,355	22,028	106,383	104,394	1,989
Total undistributed expenditures-central services	587,757	21,840	609,597	606,720	2,877
Undistributed expenditures-admin. info tech.:					
Salaries	312,296	(1,970)	310,326	309,870	456
Other purchased services	41,000		41,000	40,622	378
Supplies and materials	50,000	91,324	141,324	132,088	9,236
Other Objects	14,500	(6,000)	8,500	8,000	500
Total undistributed expenditures-admin. info. technology	417,796	83,354	501,150	490,580	10,570
Required maintenance for school facilities:					
Salaries	183,020	(10,000)	173,020	172,460	560
Cleaning, repair and maintenance services	526,858	623,567	1,150,425	1,148,986	1,439
General supplies	9,000	(2,143)	6,857	6,857	
Total required maintenance for school facilities	718,878	611,424	1,330,302	1,328,303	1,999

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Operations and maintenance of plant services:					
Custodial Services					
Salaries	\$ 1,511,860	\$ (22,154)	\$ 1,489,706	\$ 1,489,706	
Unused vacation payment to retirees		24,245	24,245	24,245	
Cleaning, repair and maintenance services	314,500	(75,802)	238,698	236,843	\$ 1,855
Other purchased property services	144,000	(13,380)	130,620	130,382	238
Insurance	625,000	(24,788)	600,212	600,143	69
General supplies	134,000	(983)	133,017	131,831	1,186
Energy (Electricity)	663,000	(16,728)	646,272	645,799	473
Energy (Natural Gas)	125,750	39,462	165,212	164,807	405
Energy (Oil)	13,000	4,904	17,904	17,223	681
Other objects	113,900	14,435	128,335	126,889	1,446
Total custodial services	3,645,010	(70,789)	3,574,221	3,567,868	6,353
Care and upkeep of grounds:					
Salaries	240,747	(3,133)	237,614	237,476	138
Unused vacation payment to retirees		13,607	13,607	13,307	300
General Supplies	52,270	689	52,959	52,142	817
Total care and upkeep of grounds	293,017	11,163	304,180	302,925	1,255
Security:					
Salaries	147,509	(10,039)	137,470	137,175	295
Purchased professional and technical services	13,500	4,074	17,574	17,574	
Total security	161,009	(5,965)	155,044	154,749	295
Total operation and maintenance of plant services and required maintenance	4,817,914	545,833	5,363,747	5,353,845	9,902
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - regular	1,454,774	(154,388)	1,300,386	1,294,452	5,934
Between home and school - special	400,260	(41,829)	358,431	358,100	331
Other than between home and school-vendors	442,358	32,445	474,803	474,109	694
Unused vacation payment to terminated/retired		21,865	21,865	19,742	2,123
Lease purchase payments-buses	436,373		436,373	436,373	
Contracted services:					
Aid in lieu	55,000	30,052	85,052	85,021	31
Special ed. vendors	800,000	604,492	1,404,492	1,344,830	59,662
General supplies	257,000	110,026	367,026	366,724	302
Miscellaneous purchased services	65,000	(25,638)	39,362	39,362	
Transportation supplies	165,000	(14,181)	150,819	150,543	276
Miscellaneous expenditures	39,000	(20,455)	18,545	18,528	17
Total student transportation services	4,114,765	542,389	4,657,154	4,587,784	69,370
Unallocated benefits:					
Social security contributions	870,000	15,551	885,551	885,551	
Other retirement contributions-regular	1,169,000	19,787	1,188,787	1,188,787	
Health benefits	8,964,737	(1,225,127)	7,739,610	7,739,610	
Tuition reimbursement	75,000	(32,185)	42,815	36,852	5,963
Total unallocated benefits	11,078,737	(1,221,974)	9,856,763	9,850,800	5,963

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
On-behalf TPAF pension contributions (non-budgeted)				\$ 9,079,774	\$ (9,079,774)
On-behalf TPAF post-retirement contributions (non-budgeted)				2,121,402	(2,121,402)
On-behalf TPAF long-term disability ins contributions (non-budgeted)				3,061	(3,061)
Reimbursed TPAF social security contributions (non-budgeted)				1,725,023	(1,725,023)
Interest deposit to maintenance reserve	\$ 50		\$ 50		50
Total undistributed expenditures	32,264,774	\$ 432,046	32,696,820	45,491,262	(12,794,442)
Total expenditures - current	56,612,528	602,928	57,215,456	69,946,196	(12,730,740)
Capital outlay:					
Equipment:					
Grades 9-12		43,992	43,992	43,992	
Undistributed expenditures:					
Support services - students-spec.	1,700	4,000	5,700	5,692	8
Maintenance of School Facilities	62,735	203,908	266,643	265,486	1,157
Non-instructional equipment		4,550	4,550	4,550	
Non-instructional services	484,287	(93,523)	390,764	388,340	2,424
Total equipment	548,722	162,927	711,649	708,060	3,589
Facilities acquisition and construction services:					
Assessment for debt service on SDA funding	165,633		165,633	165,633	
Land and improvements		576,660	576,660	483,351	93,309
Total facilities acquisition and construction services	165,633	576,660	742,293	648,984	93,309
Assets acquired under leases (non-budgeted)				216,853	(216,853)
				216,853	(216,853)
Interest deposit to capital reserve	100		100		100
Total expenditures - capital outlay	714,455	739,587	1,454,042	1,573,897	(119,855)

Manchester Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Total expenditures	\$ 57,326,983	\$ 1,342,515	\$ 58,669,498	\$ 71,520,093	\$ (13,067,448)
(Deficiency) excess of revenues (under) over expenditures	(772,143)	(1,178,579)	(1,950,722)	(775,753)	958,116
Other financing sources:					
Leases (non-budgeted)				216,853	216,853
Total other financing sources				216,853	216,853
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(772,143)	(1,178,579)	(1,950,722)	(558,900)	1,174,969
Fund balances, July 1	7,365,781		7,365,781	7,365,781	
Fund balances, June 30	\$ 6,593,638	\$ (1,178,579)	\$ 5,415,059	\$ 6,806,881	\$ 1,174,969
Recapitulation of (deficiency) excess of revenues (under) over expenditures					
Budgeted fund balance	\$ (772,143)		\$ (772,143)	\$ 619,679	\$ 1,174,969
Withdrawal capital reserve		\$ (665,000)	(665,000)	(665,000)	
Withdrawal maintenance reserve		(460,000)	(460,000)	(460,000)	
Adjustment for prior year encumbrances		(53,579)	(53,579)	(53,579)	
Total	\$ (772,143)	\$ (1,178,579)	\$ (1,950,722)	\$ (558,900)	\$ 1,174,969
Recapitulation of fund balance:					
Restricted for:					
Excess surplus-current year				\$ 419,983	
Designated for subsequent years expenditures - prior year excess surplus				244,745	
Unemployment liability reserve				287,038	
Maintenance reserve				1,182,410	
Capital reserve				2,480,000	
Assigned to:					
Year end encumbrances				29,103	
Unreserved - designated for subsequent year's expenditures				10,296	
Unassigned fund balance				2,153,306	
				6,806,881	
Reconciliation to Government Funds Statements					
GAAP:					
Last two state aid payments not recognized on GAAP basis				(475,585)	
Solar renewable energy credits (SREC) income				17,390	
Fund balance per governmental Funds (GAAP)				\$ 6,348,686	

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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Federal sources	\$ 6,104,007	\$ 1,030,124	\$ 7,134,131	\$ 2,405,313	\$ (4,728,818)
State sources				43,957	43,957
Local sources	465,000	38,232	503,232	444,577	(58,655)
Total revenues	<u>6,569,007</u>	<u>1,068,356</u>	<u>7,637,363</u>	<u>2,893,847</u>	<u>(4,743,516)</u>
Expenditures:					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	961,901	154,855	1,116,756	333,753	783,003
Other salaries for instruction	182,665	(51,581)	131,084	131,084	
Tuition	777,400	(11,591)	765,809	765,809	
Supplies and materials	711,504	57,851	769,355	101,152	668,203
Total instruction	<u>2,633,470</u>	<u>149,534</u>	<u>2,783,004</u>	<u>1,331,798</u>	<u>1,451,206</u>
Support services:					
Salaries - professional staff	284,111	23,255	307,366	6,030	301,336
Personal services-employee benefits	641,791	24,305	666,096	114,208	551,888
Other purchased services	27,985	114,250	142,235	20,585	121,650
Purchased professional services	276,384	78,485	354,869	203,203	151,666
General supplies	100,437	124,474	224,911	108,245	116,666
Scholarships awarded	15,000		15,000	13,500	1,500
Student activities	450,000		450,000	396,346	53,654
Total support services	<u>1,795,708</u>	<u>364,769</u>	<u>2,160,477</u>	<u>862,117</u>	<u>1,298,360</u>
Capital Outlay:					
Non instructional equipment	2,139,829	554,053	2,693,882	674,487	2,019,395
Total capital outlay	<u>2,139,829</u>	<u>554,053</u>	<u>2,693,882</u>	<u>674,487</u>	<u>2,019,395</u>
Total expenditures	<u>6,569,007</u>	<u>1,068,356</u>	<u>7,637,363</u>	<u>2,868,402</u>	<u>4,768,961</u>
Excess of revenues (over) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	25,445	<u>25,445</u>
Fund Balance, July 1				<u>340,411</u>	
Fund Balance, June 30				<u>\$ 365,856</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 125,081	
Student activities				<u>240,775</u>	
Total Fund Balance				<u>\$ 365,856</u>	

Note to Required Supplementary Information

Manchester Township School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures		
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 70,744,340	\$ 2,893,847
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current year		(815,633)
Prior year, net of cancellations		583,467
State aid payments recognized for GAAP statements in the current year, not previously recognized	(475,585)	
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).	492,339	
Prior year adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accrual basis.	5,359	
Current year adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accrual basis.	<u>17,390</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 70,783,843</u>	<u>\$ 2,661,681</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 71,520,093	\$ 2,868,402
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.		
Current year		(815,633)
Prior year, net of cancellations		<u>583,467</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 71,520,093</u>	<u>\$ 2,636,236</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, 2022

	Title I Part A	I.D.E.A.		Title II Part A	Elementary and Secondary School Emergency Relief ARP Program	Elementary and Secondary School Emergency Relief ESSER II Grant Program	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Learning Acceleration Grant Program	
		Part B Regular	ARP Basic Regualr					Part B Preschool
Revenues:								
Federal sources	\$ 457,904	\$ 611,097	\$ 125,934	\$ 28,778	\$ 123,990	\$ 309,535	\$ 642,316	\$ 67,961
State sources								
Local sources								
Total revenues	\$ 457,904	\$ 611,097	\$ 125,934	\$ 28,778	\$ 123,990	\$ 309,535	\$ 642,316	\$ 67,961
Expenditures:								
Current expenditures:								
Instruction:								
Salaries:								
Salaries of teachers	\$ 215,000				\$ 16,000		\$ 39,344	\$ 63,409
Other salaries for instruction	129,584							
Tuition		\$ 611,097	\$ 125,934	\$ 28,778				
Supplies and materials					\$ 73,020		20,346	
Total instruction	344,584	611,097	125,934	28,778	16,000	73,020	59,690	63,409
Support services:								
Salaries - professional staff	2,444							3,586
Personal services - employee benefits	107,008				7,200			
Purchased professional services					100,790	72,000	13,200	
Other purchased services								
General supplies	3,868					17,849	85,562	966
Scholarships Awarded								
Student Activities								
Total support services	113,320				107,990	89,849	98,762	4,552
Capital outlay:								
Facilities acquisition and construction services:								
Non instructional equipment						146,666	483,864	
Total facilities acquisition and construction services						146,666	483,864	
Total expenditures	\$ 457,904	\$ 611,097	\$ 125,934	\$ 28,778	\$ 123,990	\$ 309,535	\$ 642,316	\$ 67,961
Excess of revenues over expenditures	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Manchester Township School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures – Budgetary Basis

Year ended June 30, 2022

	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) ARP Mental Health Grant Program	SDA Emergent Needs and Capital Maintenance	ARP Homeless Children and Youth Program	NJSIG Security Grant	MTEF Grant	Other Local Grants	Scholarship Fund	Student Activity Fund	Totals
Revenues:									
Federal sources	\$ 17,213		\$ 20,585						\$ 2,405,313
State sources		\$ 43,957		\$ 1,157	\$ 968	\$ 7,161	\$ 1,325	\$ 433,966	43,957
Local sources									444,577
Total revenues	\$ 17,213	\$ 43,957	\$ 20,585	\$ 1,157	\$ 968	\$ 7,161	\$ 1,325	\$ 433,966	\$ 2,893,847
Expenditures:									
Current expenditures:									
Instruction:									
Salaries:									
Salaries of teachers									\$ 333,753
Other salaries for instruction						\$ 1,500			131,084
Tuition									765,809
Supplies and materials				\$ 1,157	\$ 968	5,661			101,152
Total instruction				1,157	968	7,161			1,331,798
Support services:									
Salaries - professional staff									6,030
Personal services - employee benefits									114,208
Purchased professional services	\$ 17,213								203,203
Other purchased services			\$ 20,585						20,585
General supplies									108,245
Scholarships Awarded							\$ 13,500		13,500
Student Activities								\$ 396,346	396,346
Total support services	17,213		20,585				13,500	396,346	862,117
Capital outlay:									
Facilities acquisition and construction services:									
Non instructional equipment		\$ 43,957							674,487
Total facilities acquisition and construction services		43,957							674,487
Total expenditures	\$ 17,213	\$ 43,957	\$ 20,585	\$ 1,157	\$ 968	\$ 7,161	\$ 13,500	\$ 396,346	\$ 2,868,402
Excess of revenues over expenditures	-	-	-	-	-	-	(12,175)	37,620	25,445
Fund Balance, July 1	-	-	-	-	-	-	137,256	203,155	340,411
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,081	\$ 240,775	\$ 365,856

Capital Projects Fund

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, 2022

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
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>15,401,173</u>	<u>-</u>	<u>15,401,173</u>	<u>15,401,173</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	1,199,583		1,199,583	
Construction Services	13,881,553		13,881,553	
Transfers Out	320,037		320,037	
Total Expenditures	<u>15,401,173</u>	<u>-</u>	<u>15,401,173</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</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, 2022

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 825,604		\$ 825,604	\$ 825,604
Bond Sale Proceeds	1,433,665		1,433,665	1,433,665
Transfers from Other Referendum				
Total Revenues	2,259,269	-	2,259,269	2,259,269
Expenditures and Other Financing				
Purchased Professional Services	166,898		166,898	
Construction Services	1,922,685		1,922,685	
Transfers Out	169,686		169,686	
Total Expenditures	2,259,269	-	2,259,269	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ 2,259,269
Additional project information				
Project number	2940-043-14-1005 and 2940-043-14-1006			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 1,433,665			
Bonds Issued	1,433,665			
Original Authorized Cost	\$ 2,269,507			
Additional Authorized Cost	(10,238)			
Revised Authorized Cost	2,259,269			
Percentage Increase over Original				
Authorized Cost	-0.45%			
Percentage completion	100.00%			
Original target completion date	September 2016			
Revised target completion date	July 1, 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, 2022

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 723,538		\$ 723,538	\$ 723,538
Bond Sale Proceeds	1,241,739		1,241,739	1,241,739
Transfers from Other Referendum				
Total Revenues	<u>1,965,277</u>	<u>-</u>	<u>1,965,277</u>	<u>1,965,277</u>
Expenditures and Other Financing				
Purchased Professional Services	137,067		137,067	
Construction Services	1,720,097		1,720,097	
Transfers Out	108,113		108,113	
Total Expenditures	<u>1,965,277</u>	<u>-</u>	<u>1,965,277</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,965,277</u>
Additional project information				
Project number	2940-050-14-1012 and 2940-050-14-1013			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 1,241,739			
Bonds Issued	1,241,739			
Original Authorized Cost	\$ 1,969,331			
Additional Authorized Cost	(4,054)			
Revised Authorized Cost	1,965,277			
Percentage Increase over Original				
Authorized Cost	-0.21%			
Percentage completion	100.00%			
Original target completion date	September 2016			
Revised target completion date	July 1, 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, 2022

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 645,469		\$ 645,469	\$ 645,469
Bond Sale Proceeds	1,122,945		1,122,945	1,122,945
Transfers from Other Referendum				
Total Revenues	1,768,414	-	1,768,414	1,768,414
Expenditures and Other Financing				
Purchased Professional Services	193,044		193,044	
Construction Services	1,533,132		1,533,132	
Transfers Out	42,238		42,238	
Total Expenditures	1,768,414	-	1,768,414	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ 1,768,414
Additional project information				
Project number	2940-060-14-1015 and 2940-060-14-1017			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 1,122,945			
Bonds Issued	1,122,945			
Original Authorized Cost	\$ 1,768,414			
Additional Authorized Cost	-			
Revised Authorized Cost	1,768,414			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	100.00%			
Original target completion date	September 2016			
Revised target completion date	July 1, 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, 2022

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
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	155,088		-	-
Total Revenues	<u>4,866,387</u>		<u>4,711,299</u>	<u>4,711,299</u>
Expenditures and Other Financing				
Purchased Professional Services	396,006		396,006	
Construction Services	4,470,381		4,470,381	
Transfers Out				
Total Expenditures	<u>4,866,387</u>		<u>4,866,387</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (155,088)</u>	<u>\$ 4,711,299</u>
Additional project information				
Project number	2940-045-14-1007 and 2940-045-14-1009			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 2,932,586			
Bonds Issued	2,932,586			
Original Authorized Cost	\$ 4,865,755			
Additional Authorized Cost	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, 2022

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
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				
Total Revenues	<u>4,541,826</u>	<u>-</u>	<u>4,541,826</u>	<u>4,541,826</u>
Expenditures and Other Financing				
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>
Additional project information				
Project number	2940-040-14-1001 and 2940-040-14-1002			
Grant date	January 6, 2014			
Bond authorization date	December 10, 2014			
Bonds Authorized	\$ 2,874,065			
Bonds Issued	2,874,065			
Original Authorized Cost	\$ 4,429,747			
Additional Authorized Cost	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, 2022

Issue/Project Title	Revised Appropriations	Expenditures to Date		Unexpended Balance
		Prior Year	Current Year	
Referendum Project - Various Improvements - 2014	\$ 15,401,173	\$15,401,173	\$ -	\$ -
	<u>\$ 15,401,173</u>	<u>\$15,401,173</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2014 Referendum Project:</u>				
Bond and note proceeds	\$ 9,605,000			
State Share	<u>5,796,173</u>			
Total referendum	<u>\$ 15,401,173</u>			

Proprietary Funds

Internal Service Funds

Manchester Township School District
Internal Service Funds

Combining Statement of Net Position

June 30, 2022

	SAT Prep Fund	Transportation Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,171		\$ 1,171
Other receivables		\$ 289,410	289,410
Total current assets	\$ 1,171	\$ 289,410	\$ 290,581
LIABILITIES			
Current liabilities:			
Interfund payable		215,923	215,923
Total current liabilities	-	215,923	215,923
NET POSITION			
Unrestricted	1,171	73,487	74,658
Total net position	\$ 1,171	\$ 73,487	\$ 74,658

Manchester Township School District
Internal Service Funds

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

For the Year Ended June 30, 2022

	<u>SAT Prep Fund</u>	<u>Transportation Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Services provided to other funds	\$ 1,600	\$ 494,002	\$ 495,602
Total operating revenues	<u>1,600</u>	<u>494,002</u>	<u>495,602</u>
 Operating expenses:			
Salaries	1,350	61,054	62,404
Employee benefits		39,500	39,500
Purchased professional services		350,948	350,948
Other objects		25,500	25,500
Supplies and materials	69	17,000	17,069
Total operating expenses	<u>1,419</u>	<u>494,002</u>	<u>495,421</u>
Operating income	<u>181</u>	<u>-</u>	<u>181</u>
 Change in net position	<u>181</u>	<u>-</u>	<u>181</u>
Total net position—beginning	<u>990</u>	<u>73,487</u>	<u>74,477</u>
Total net position—ending	<u>\$ 1,171</u>	<u>\$ 73,487</u>	<u>\$ 74,658</u>

Manchester Township School District
Internal Service Funds

Combining Statement of Cash Flows

June 30, 2022

	SAT Prep Fund	Transportation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,600	\$ 617,285	\$ 618,885
Payments to employees	(1,350)	(61,054)	(62,404)
Payments for employee benefits		(39,500)	(39,500)
Payments to suppliers	(69)	(393,448)	(393,517)
Net cash provided by operating activities	<u>181</u>	<u>123,283</u>	<u>123,464</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts and payments (to) other funds		(123,283)	(123,283)
Net cash (used in) non-capital financing activities	<u>-</u>	<u>(123,283)</u>	<u>(123,283)</u>
Net increase in cash and cash equivalents	181	-	181
Balances—beginning of year	990	-	990
Balances—end of year	<u>\$ 1,171</u>	<u>\$ -</u>	<u>\$ 1,171</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 181	\$ -	\$ 181
Adjustments to reconcile operating income to net cash provided by operating activities			
Decrease in accounts receivable		123,283	123,283
Total adjustments	-	123,283	123,283
Net cash provided by operating activities	<u>\$ 181</u>	<u>\$ 123,283</u>	<u>\$ 123,464</u>

Long-Term Debt

Manchester Township School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2022

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2021	Retired	Balance June 30, 2022
			Date	Amount				
Refunding Bonds	3/28/2012	\$ 13,525,000	7/15/22	\$ 1,095,000	4.500 %	\$ 6,890,000	\$ 1,095,000	\$ 5,795,000
			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	3/15/23	620,000	2.250	6,055,000	600,000	5,455,000
			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	3/1/23	505,000	4.000	4,170,000	510,000	3,660,000
			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>4,170,000</u>	<u>510,000</u>	<u>3,660,000</u>
						<u>\$ 17,115,000</u>	<u>\$ 2,205,000</u>	<u>\$14,910,000</u>

Manchester Township School District
Long-Term Debt

Schedule of Financed Purchases Payable and Obligations Under Leases

Year Ended June 30, 2022

	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2021	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2022
Financed Purchases Payable						
School buses	1.68%	\$ 635,000	\$ 62,011		\$ 62,011	
School buses and equipment	1.71%	557,250	70,463		34,882	\$ 35,581
Bus and Camera System	1.94%	725,000	192,907		95,528	97,379
Buses and textbooks	1.99%	845,000	391,798		95,074	296,724
Technology, textbooks and bus	2.19%	1,150,000	705,820		219,543	486,277
Textbooks and buses	1.65%	809,500	671,136		129,094	542,042
			<u>2,094,135</u>	-	636,132	<u>1,458,003</u>
Obligations Under Leases						
Copier Leases	Various	216,853		\$ 216,853	48,970	<u>167,883</u>
Total			<u>\$ 2,094,135</u>	<u>\$ 216,853</u>	<u>\$ 685,102</u>	<u>\$ 1,625,886</u>

Manchester Township School District
Debt Service Fund

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

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local tax levy	\$ 2,606,106		\$ 2,606,106	\$ 2,606,106	
Interest Income				209	\$ 209
State sources:					
Debt Service Aid	161,390		161,390	161,390	
Total revenues	<u>2,767,496</u>	-	<u>2,767,496</u>	<u>2,767,705</u>	<u>209</u>
Expenditures:					
Principal on bonds	2,205,000		2,205,000	2,205,000	
Interest on bonds	574,206		574,206	574,206	
Total expenditures	<u>2,779,206</u>	-	<u>2,779,206</u>	<u>2,779,206</u>	<u>-</u>
(Deficiency) excess of revenues over expenditures	<u>(11,710)</u>		<u>(11,710)</u>	<u>(11,501)</u>	<u>209</u>
Fund balance, July 1	176,802	-	176,802	176,802	
Fund balance, June 30	<u>\$ 165,092</u>	<u>\$ -</u>	<u>\$ 165,092</u>	<u>\$ 165,301</u>	<u>\$ 209</u>

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 (ACFR) 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,									
	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022
Governmental activities										
Net investment in capital assets	\$ 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	\$ 26,704,868
Restricted	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	5,145,333
Unrestricted (deficit)	(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)	(21,499,071)
Total governmental activities net position	<u>\$ 14,403,233</u>	<u>\$ 14,644,998</u>	<u>\$ (666,787)</u>	<u>\$ 2,663,261</u>	<u>\$ 2,927,199</u>	<u>\$ 1,668,967</u>	<u>\$ 2,017,434</u>	<u>\$ 3,257,361</u>	<u>\$ 6,805,150</u>	<u>\$ 10,351,130</u>
Business-type activities										
Net Investment in capital assets	\$ 409,863	\$ 354,499	\$ 303,085	\$ 245,981	\$ 192,917	\$ 166,982	\$ 144,839	\$ 103,129	\$ 105,439	\$ 119,399
Unrestricted (deficit)	307,919	221,059	(2,043,632)	(2,678,384)	(3,231,931)	(3,532,016)	(2,244,929)	(1,826,618)	(765,342)	991,276
Total business-type activities net position	<u>\$ 717,782</u>	<u>\$ 575,558</u>	<u>\$ (1,740,547)</u>	<u>\$ (2,432,403)</u>	<u>\$ (3,039,014)</u>	<u>\$ (3,365,034)</u>	<u>\$ (2,100,090)</u>	<u>\$ (1,723,489)</u>	<u>\$ (659,903)</u>	<u>\$ 1,110,675</u>
District-wide										
Net investment in capital assets	\$ 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	\$ 26,824,267
Restricted	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	5,145,333
Unrestricted (deficit)	(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)	(20,507,795)
Total district net position	<u>\$ 15,121,015</u>	<u>\$ 15,220,556</u>	<u>\$ (2,407,334)</u>	<u>\$ 230,858</u>	<u>\$ (111,815)</u>	<u>\$ (1,696,067)</u>	<u>\$ (82,656)</u>	<u>\$ 1,533,872</u>	<u>\$ 6,145,247</u>	<u>\$ 11,461,805</u>

Source: ACFR 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction	\$ 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	\$ 44,259,531
Support Services:										
Attendance and social work	56,380	59,051	69,405	76,771	77,840	73,762	74,326	71,665	79,204	71,159
Health services	458,276	405,372	420,468	433,965	457,646	477,856	523,308	501,037	503,313	465,731
Other support services	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	5,646,299
Improvement of instruction	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	1,529,192
Other support instructional staff	42,573	84,119	152,661	43,587	33,877	72,914	73,105	76,072	93,578	138,088
School library	699,204	662,340	649,888	666,302	776,286	777,082	632,419	636,861	745,561	635,481
General administration	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	2,541,669
School administration	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	4,938,564
Required maintenance of plant	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	1,636,187
Operation of plant	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	4,407,695
Student transportation	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	6,287,658
Interest on long-term debt	982,757	1,025,175	988,251	1,106,501	956,630	893,322	815,239	795,657	580,500	488,515
Total governmental activities expenses	<u>55,378,035</u>	<u>56,021,467</u>	<u>62,743,726</u>	<u>68,008,323</u>	<u>74,424,392</u>	<u>80,203,891</u>	<u>74,219,853</u>	<u>71,560,890</u>	<u>79,042,596</u>	<u>73,045,768</u>
Business-type activities:										
Food service	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	1,853,738
Regional Day School	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	5,347,894
Total business-type activities expense	<u>7,320,568</u>	<u>7,348,771</u>	<u>7,452,749</u>	<u>7,271,421</u>	<u>7,472,950</u>	<u>7,377,472</u>	<u>7,330,831</u>	<u>6,861,122</u>	<u>6,574,658</u>	<u>7,201,632</u>
Total district expenses	<u>\$ 62,698,603</u>	<u>\$ 63,370,238</u>	<u>\$ 70,196,475</u>	<u>\$ 75,279,744</u>	<u>\$ 81,897,342</u>	<u>\$ 87,581,363</u>	<u>\$ 81,550,684</u>	<u>\$ 78,422,012</u>	<u>\$ 85,617,254</u>	<u>\$ 80,247,400</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 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	\$ 2,429,729
Other support services									239,782	433,966
Pupil transportation	286,081	262,741	287,230	381,561	376,660	430,144	485,574	295,332	302,098	495,602
Operating grants and contributions	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	2,227,715
Capital grants and contributions			576,678	3,816,710	1,033,015	212,035	3,097			
Total governmental activities program revenues	<u>3,925,573</u>	<u>3,633,654</u>	<u>4,199,354</u>	<u>7,651,726</u>	<u>5,111,495</u>	<u>4,543,956</u>	<u>4,524,322</u>	<u>4,101,926</u>	<u>5,645,159</u>	<u>5,587,012</u>
Business-type activities:										
Charges for services										
Food service	705,089	772,900	750,700	738,033	731,712	752,912	780,803	441,092	184,485	406,434
Regional Day School	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	6,478,724
Operating grants and contributions	727,079	755,818	774,004	771,717	781,410	778,418	751,314	682,156	1,452,766	2,087,052
Total business type activities program revenues	<u>7,372,654</u>	<u>7,206,547</u>	<u>7,353,495</u>	<u>6,579,565</u>	<u>6,866,339</u>	<u>7,051,452</u>	<u>8,565,085</u>	<u>7,237,723</u>	<u>7,638,244</u>	<u>8,972,210</u>
Total district program revenues	<u>\$ 11,298,227</u>	<u>\$ 10,840,201</u>	<u>\$ 11,552,849</u>	<u>\$ 14,231,291</u>	<u>\$ 11,977,834</u>	<u>\$ 11,595,408</u>	<u>\$ 13,089,407</u>	<u>\$ 11,339,649</u>	<u>\$ 13,283,403</u>	<u>\$ 14,559,222</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (67,458,756)
Business-type activities	52,086	(142,224)	(99,254)	(691,856)	(606,611)	(326,020)	1,234,254	376,601	1,063,586	1,770,578
Total district-wide net expense	<u>\$ (51,400,376)</u>	<u>\$ (52,530,037)</u>	<u>\$ (58,643,626)</u>	<u>\$ (61,048,453)</u>	<u>\$ (69,919,508)</u>	<u>\$ (75,985,957)</u>	<u>\$ (68,461,277)</u>	<u>\$ (67,082,363)</u>	<u>\$ (72,333,851)</u>	<u>\$ (65,688,178)</u>

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

(accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 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	\$ 48,165,843
Property taxes levied for debt service	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	2,606,106
Unrestricted grants and contributions	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	20,106,551
Interest and investment earnings - unrestricted		1,152	1,620	46,900	37,809	46,614	33,678	61,239	34,352	45,213
Interest and investment earnings - restricted									108	471
Miscellaneous income	23,041	119,595	148,709	97,590	60,622	119,928	89,249	101,893	81,523	80,552
Total governmental activities	<u>52,127,842</u>	<u>52,629,578</u>	<u>59,535,791</u>	<u>63,686,645</u>	<u>69,576,835</u>	<u>74,401,705</u>	<u>70,043,998</u>	<u>68,029,847</u>	<u>76,945,226</u>	<u>71,004,736</u>
Business-type activities:										
Investment earnings and miscellaneous revenue								30,690		
Miscellaneous income								30,690		
Total business-type activities								<u>30,690</u>		
Total district-wide	<u>\$ 52,127,842</u>	<u>\$ 52,629,578</u>	<u>\$ 59,535,791</u>	<u>\$ 63,686,645</u>	<u>\$ 69,576,835</u>	<u>\$ 74,401,705</u>	<u>\$ 70,074,688</u>	<u>\$ 68,029,847</u>	<u>\$ 76,945,226</u>	<u>\$ 71,004,736</u>
Change in Net Position										
Governmental activities	\$ 675,380	\$ 241,765	\$ 991,419	\$ 3,330,048	\$ 263,938	\$ (1,258,232)	\$ 348,467	\$ 570,883	\$ 3,547,789	\$ 3,545,980
Business-type activities	52,086	(142,224)	(99,254)	(691,856)	(606,611)	(326,020)	1,264,944	376,601	1,063,586	1,770,578
Total district	<u>\$ 727,466</u>	<u>\$ 99,541</u>	<u>\$ 892,165</u>	<u>\$ 2,638,192</u>	<u>\$ (342,673)</u>	<u>\$ (1,584,252)</u>	<u>\$ 1,613,411</u>	<u>\$ 947,484</u>	<u>\$ 4,611,375</u>	<u>\$ 5,316,558</u>

Source: ACFR 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,									
	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022
General Fund										
Restricted for										
Assigned to	\$ 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	\$ 4,614,176
Unassigned	303,227	577,463	51,503	260,350	8,644	143,849	109,863	51,764	64,230	29,103
Total general fund	<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>	<u>\$ 6,338,390</u>
All Other Governmental Funds										
Restricted for:										
Capital projects fund	\$ 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	\$ 165,301
Special revenue fund:										
Scholarships								147,374	137,256	125,081
Student activities								235,211	203,155	240,775
Total all other governmental funds	<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>	<u>\$ 531,157</u>

Source: ACFR 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax levy	\$ 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	\$ 50,771,949
Tuition charges	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	2,429,729
Interest earnings		1,152	1,620	10,850	13,962	46,614	672	32,967	11,304	22,464
Investment Income				36,050	23,847		33,006	28,272	23,048	22,749
Miscellaneous	34,982	139,974	139,424	188,739	69,949	166,451	171,149	162,194	331,404	582,078
Other Restricted Miscellaneous Revenues									108	471
State sources	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	20,152,423
Federal sources	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	2,231,366
Total revenue	55,757,200	55,988,445	57,952,753	63,886,367	63,096,012	64,471,977	66,969,065	68,082,249	72,837,307	76,213,229
Expenditures										
Instruction										
Regular and Special Education Instruction	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	29,993,177
Support Services:										
Attendance and social work	41,467	42,996	45,198	46,757	44,595	42,023	47,471	48,543	50,295	52,396
Health services	458,276	405,372	420,468	433,965	457,846	477,856	523,308	501,037	503,313	465,731
Other support services	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	3,884,399
Improvement of instruction	771,886	770,009	730,633	829,877	862,762	873,009	894,789	896,457	922,781	994,886
School library	492,813	462,567	402,797	383,963	421,014	393,069	354,167	378,452	404,552	416,708
Instructional staff training	40,087	81,713	148,707	38,948	32,096	72,676	65,054	67,899	68,719	124,963
General administration	654,483	562,681	594,733	433,467	513,481	536,155	615,012	566,092	527,992	598,135
School administration	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	2,171,331
Central services	456,357	498,932	488,253	549,135	596,680	591,464	583,511	558,587	565,258	606,720
Information technology	302,039	329,395	269,605	244,824	456,848	363,760	318,159	380,781	467,533	490,580
Required maintenance of plant	1,042,988	866,329	1,176,131	1,045,440	727,338	995,044	946,061	1,158,528	911,475	1,328,303
Operation of plant	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	4,025,542
Student transportation	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	4,587,784
Business and other support services and benefits	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	22,780,060
Capital outlay	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	1,635,614
Debt service:										
Cost of Issuance								100,777		
Principal	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	2,205,000
Interest and other charges	853,212	912,069	902,375	1,151,590	982,582	908,105	838,856	749,116	651,719	574,206
Total expenditures	56,209,503	56,565,157	59,718,168	70,196,951	64,930,019	65,829,760	66,655,644	67,593,447	72,038,567	76,935,535
Excess (Deficiency) of revenues over (under) expenditures	(452,303)	(576,712)	(1,765,415)	(6,310,584)	(1,834,007)	(1,357,783)	313,421	488,802	798,740	(722,306)
Other Financing sources (uses)										
Financed purchases Payable (non-budgeted)	819,947	761,521	826,000	725,000		845,000		1,150,000	809,500	216,853
Obligations under leases										
Bond proceeds			9,605,000							
Proceeds of refunding debt								4,680,000		
Payment to refunded debt escrow agent								(5,159,038)		
Original issue premium								579,815		
Transfers in			116,620	370,623	351	559	102,945	450	164,949	
Transfers out			(116,620)	(370,623)	(351)	(559)	(102,945)	(450)	(164,949)	
Total other financing sources (uses)	819,947	761,521	10,431,000	725,000	-	845,000	-	1,250,777	809,500	216,853
Net change in fund balances	\$ 367,644	\$ 184,809	\$ 8,665,585	\$ (5,585,584)	\$ (1,834,007)	\$ (512,783)	\$ 313,421	\$ 1,739,579	\$ 1,608,240	\$ (505,453)
Debt service as a percentage of noncapital expenditures	4.1%	4.1%	5.1%	6.4%	5.5%	4.7%	4.5%	4.4%	4.1%	3.7%

Source: ACFR 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.

Note: Governmental Standards Board No. 87 (GASB 87) was implemented by the District for the year ended June 30, 2022. Under GASB 87, a single model approach exists, meaning a distinction between operating and capital leases no longer exists. As a result, GASB 87 now requires all agreements meeting the definition of a lease to be classified as either a financed purchased lease or an obligation under lease.

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
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
2022	58,672	15,149	11,560	17,920	103,301

Source: District Records

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

Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg/Qual	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b
2022	\$ 70,676,300	\$ 3,334,623,400	\$ 6,714,800	\$ 393,884,700	\$ 36,465,900	\$ 391,244,400	\$ 4,233,609,500	\$ 5,147,618	\$ 4,238,757,118	\$ 1.206
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 ®	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

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

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation

Reassessment occurs when ordered by the County Board of Taxation, which occurred in the 2009 fiscal year.

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

b Tax rates are per \$100

® Revaluation of Property

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

Unaudited

Fiscal Year Ended June 30,	Manchester Township School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Manchester Township	Ocean County	
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
2022	1.148	0.058	1.206	0.577	0.432	2.215

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	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Cedar Glen Lakes	\$ 79,644,100	1	1.88%	\$ 56,569,000	1	1.75%
Crestwood Village Co-Op IV	64,725,000	2	1.53%	41,276,000	2	1.28%
Crestwood Village Co-Op III	58,159,200	3	1.37%	34,559,000	5	1.07%
Crestwood Village Co-Op II	55,670,100	4	1.31%	35,617,700	4	1.10%
Pine Ridge MHC LLC	51,799,400	5	1.22%	40,454,400	3	1.28%
Arbors Propco LLC	46,222,800	6	1.09%			
Crestwood Village Co-Op I	44,415,000	7	1.05%	27,678,000	9	0.86%
Briarhill At Manchester	41,030,000	8	0.97%	29,500,000	8	0.91%
Manchester Plaza	39,595,100	9	0.93%	33,547,500	6	1.04%
Sprintpoint At Crestwood	28,414,800	10	0.67%	32,772,000	7	1.02%
Hovson's				27,112,900	10	0.84%
Cedar Glen West						
Presbyterian Homes						
Total	<u>\$ 509,675,500</u>		<u>12.02%</u>	<u>\$ 359,086,500</u>		<u>11.15%</u>

Source: District ACFR & 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	
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%	
2022	50,771,949	50,771,949	100.00%	

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

Note:

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

Manchester Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business- Type Activities	Total District	Percentage of Per Capita Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases Payable	Obligations Under Leases	Financed Purchases Payable			
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
2022	14,910,000	1,458,003	\$ 167,883		16,535,886	0.35%	57,344

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

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

- a** See J-14 for per capita income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Governmental Standards Board No. 87 (GASB 87) was implemented by the District for the year ended June 30, 2022. Under GASB 87, a single model approach exists, meaning a distinction between operating and capital leases no longer exists. As a result, GASB 87 now requires all agreements meeting the definition of a lease to be classified as either a financed purchased lease or an obligation under lease.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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	0.40%	384.08
2022	14,910,000	165,301	14,744,699	0.35%	323.00

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, 2022

Unaudited

	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Manchester Township	\$ 22,655,290	100.0%	\$ 22,655,290
County of Ocean	490,104,150	4.25%	<u>20,829,426</u>
Subtotal, overlapping debt			43,484,716
Manchester Township School District Direct Debt			<u>14,910,000</u>
Total direct and overlapping debt			<u><u>\$ 58,394,716</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

2022	\$ 4,233,609,500
2021	4,211,354,412
2020	4,186,227,612
	<u>\$ 12,631,191,524</u>
	<u>\$ 4,210,397,175</u>

Debt limit (4 % of average equalization value)	\$ 168,415,887
	\$ 14,910,000
	<u>\$ 153,505,887</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>	<u>2022</u>
Debt limit	\$ 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	\$ 168,415,887
Total net debt applicable to limit	<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>	<u>14,910,000</u>
Legal debt margin	<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>	<u>\$ 153,505,887</u>
Total net debt applicable to the limit as a percentage of debt limit	14.81%	14.89%	21.53%	19.41%	17.63%	15.92%	14.32%	12.17%	10.47%	8.85%

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

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

Unaudited

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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%
2022	45,649		57,344	7.6%

Source:

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

^b Personal income data was not available.

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

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

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

Unaudited

Employer	2022			2013		
	Employees*	Rank (Optional)	Percentage of Total	Employees	Rank (Optional)	Percentage of Total
Joint Base - Lakehurst	3,550		27.52%	3,550		33.57%
Manchester Township Board of Education	615		4.77%	600		5.67%
Whiting Healthcare	140		1.09%	280		2.65%
Manchester Township	228		1.77%	228		2.16%
Arista Healthcare	225		1.74%	225		2.13%
Crestwood Manor	225		1.74%	225		2.13%
Shoprite	200		1.55%	200		1.89%
Manchester Manor	192		1.49%	192		1.82%
Lowe's	120		0.93%	120		1.13%
Arbors Care Center	120		0.93%	120		1.13%
	<u>5,615</u>		<u>43.52%</u>	<u>5,740</u>		<u>54.28%</u>
Total Employment within Township	<u>12,902</u>			<u>10,574</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>	<u>2022</u>
Instruction											
Regular	215.6	215.6	214.6	214.1	212.1	219.1	218.1	214.2	215.2	216.2	194
Special education	67.4	67.4	68.4	68.4	68.4	68.4	68.4	68.4	69.4	70.4	72
Other special education	38	38	38	38	38	38	39	39	39	39	32
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	146
General administrative services	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.4
School administrative services	23.9	23.9	25.4	26.4	28.4	28.4	28.4	26.4	26.4	26.4	26.5
Business administrative services	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	4.9	6.9	6.6
Technical administrative services	1.8	1.8	1.8	3	4	4	4	4	4	5	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	38.2
Pupil transportation	58.3	58.3	58.3	62.62	62.62	62.62	62.62	63.9	60.7	60	56
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>	<u>578.70</u>

Source: District Personnel Records

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

Manchester Township School District
Operating Statistics
Last Ten Fiscal Years

Unaudited

Fiscal Year	October 15 Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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%
2022	2,813	72,520,715	25,781	18.89%	298	11:00	10:01	11:1	2,749	2,557	-2.41%	93.02%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

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

Manchester Township School District
 School Building Information
 Last Ten Fiscal Years

Unaudited

<u>District Building</u>	<u>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>	<u>2022</u>
<u>Elementary</u>										
Manchester Elementary (1992)										
Square Feet	61,900	61,900	61,900	61,900	61,900	61,900	61,900	61,900	61,900	61,900
Capacity (students)	711	711	711	711	711	711	711	711	711	711
Enrollment	601	601	547	546	567	551	541	540	560	495
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	506	506	488	487	463	453	444	455	430	450
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	239	239	264	261	247	241	248	249	253	244
<u>Middle School</u>										
Manchester Middle (1983)										
Square Feet	104,948	104,948	104,948	104,948	104,948	104,948	104,948	104,948	104,948	104,948
Capacity (students)	822	822	822	822	822	822	822	822	822	822
Enrollment	681	681	675	691	663	681	667	695	649	650
<u>High School</u>										
Manchester High School (1976)										
Square Feet	179,400	179,400	179,400	179,400	179,400	179,400	179,400	179,400	179,400	179,400
Capacity (students)	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402
Enrollment	1,001	1,001	980	971	1,008	1,003	991	1,007	987	965

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,									
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Central Office		\$ 289,169	\$ 223,063	\$ 255,630	\$ 200,483	\$ 240,673	\$ 234,994	\$ 221,690	\$ 176,935	\$ 161,307	\$ 180,085
High School	40	475,654	214,845	248,184	201,454	343,518	122,208	289,847	391,864	160,717	197,972
Manchester Elementary School	43	102,481	119,818	193,621	151,204	88,281	56,862	157,077	155,822	93,312	127,434
Manchester Middle School	45	183,593	185,047	164,101	160,807	134,581	170,154	217,836	228,808	198,324	401,210
Ridgeway Elementary School	50	237,773	113,161	176,886	129,950	88,050	88,902	92,039	131,489	188,149	100,861
Whiting Elementary School	60	39,633	55,541	112,665	94,171	99,941	54,217	66,951	91,213	64,520	35,426
Total School Facilities		\$ 1,328,303	\$ 911,475	\$ 1,151,088	\$ 938,069	\$ 995,044	\$ 727,338	\$ 1,045,440	\$ 1,176,131	\$ 866,329	\$ 1,042,988

Source: District records of required maintenance.

Manchester Township School District
Insurance Schedule
Year ended June 30, 2022
Unaudited

Type of Coverage	Coverage	Deductible
Multi Peril Package Policy - New Jersey School Board Association Ins. Group		
Section I - Property:		
Blanket building and contents	\$ 500,000,000	\$ 5,000
Extra expense	50,000,000	5,000
Flood/Earthquake /Terrorism	126,000,000	500,000
Valuable papers	10,000,000	5,000
Demolition and Inc. Cost of Construction	25,000,000	
Limited Builders Risk	10,000,000	
Other	625,000	
Section II - Electronic Data Processing:		
Computer equipment:Hardware/Software	1,000,000	1,000
Computer Virus	250,000	
Section III - Property and Business Inc.:		
Equipment/Business Income	100,000,000	5,000
Section IV - Crime:		
Blanket employee dishonesty	1,000,000	1,000
Depositors forgery	50,000	500
Money and securities	50,000	500
Forgery or Alteration	1,000,000	1,000
Computer Fraud	50,000	500
Section V - General Liability:		
Bodily injury and property damage	31,000,000	
Sexual Abuse	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	
Section VI - Automobile:		
Bodily Injury and Property Damage	31,000,000	
Uninsured/underinsured	1,000,000	
Personal Injury Protection	250,000	
Terrorism	1,000,000	
Medical payments	10,000	
Comprehensive and collision	ACU	1,000

Source: District Records

Manchester Township School District
Insurance Schedule
Year ended June 30, 2022
Unaudited

Type of Coverage	Coverage	Deductible
Errors and Omissions:		
Errors and Omissions	\$ 30,000,000	\$ 15,000
Workers Compensation:		
Employer Liability	3,000,000	
Workers Compensation	3,000,000	
Umbrella Excess Liability:		
Policy aggregate limit of liability-primary	31,000,000	
Umbrella excess liability-secondary	31,000,000	
Environmental Impairment Liability:		
Aggregate limit of liability	1,000,000	10,000
Cyber Security:		
Cyber Crime	2,000,000	
Cyber Extortion		15,000
Security Breach Response		15,000
Security Liability		15,000
Electronic Fraud		15,000
Fidelity Bonds:		
Selective Insurance Company/Utica		
National Insurance Group:		
Board Secretary/Business Administrator	287,500	

Source: District Records

Single Audit Section

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities and each major fund of the Manchester Township School District, in the County of Ocean, New Jersey (the "District") as of and for the year ended June 30, 2022, 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 1, 2023.

Report on 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.

PKF O'CONNOR DAVIES, LLP
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**Honorable President and Members
of the Board of Education
Manchester Township School District**

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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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 1, 2023

Robert E. Provost

Robert Provost
Licensed Public School Accountant, No. 2486

**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

Opinion on Each Major Federal and State Program

We have audited 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, 2022. 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.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

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We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 1, 2023

Robert E. Provost

Robert Provost
Licensed Public School Accountant, No. 2486

Manchester Township School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

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, 2021	Carryover/(Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2022			Amounts Provided to Subrecipients
					From	To							(Accounts Receivable)	Unearned Revenue	Due to Grantor	
General Fund:																
U.S. Department of Health and Human Services - Passed Through State Department																
Medical Assistance Program (SEMI)	93.778	2205NJ5MAP	54-7540-100-211	\$ 115,168	7/1/21	6/30/22			\$ 84,408	\$ (115,168)			\$ (30,760)			
Total General Fund									84,408	(115,168)			(30,760)			
U.S. Department of Education - Passed Through State Department of Education																
Special Revenue Fund:																
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A220030	NCLB-2940-08	457,904	7/1/21	9/30/22			326,551	(457,904)			(131,353)			
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A220030	NCLB-2940-08	583,042	7/1/20	9/30/21	\$ (163,626)		163,626							
Subtotal of Title I Part A									490,177	(457,904)			(131,353)			
Special Education Cluster:																
COVID-19 - ARP IDEA Special Education Grants to States	84.027A	H027A220100	FT294008	148,158	7/1/21	9/30/22			669,178	(125,934)			(125,934)			
IDEA Special Education Grants to States	84.027A	H027A220100	FT294008	718,938	7/1/21	9/30/22			(611,097)		\$ 5,079			\$ 63,160		
IDEA Preschool Grants for Children with Disabilities	84.173A	H173A220114	PS294007	33,857	7/1/21	9/30/22			28,778	(28,778)	(5,079)		(5,079)			
Subtotal of Special Education Cluster:									697,956	(765,809)	-		(131,013)	63,160		
Title II, Part A, Improving Teacher Quality State Grants	84.367A	S367A220029	NCLB-2940-07	123,990	7/1/20	9/30/21			110,554	(123,990)			(13,436)			
Elementary and Secondary Education:																
COVID-19 - ESSER II Grant Program	84.425D	S425D220027	22-5120-513	747,127	3/13/20	9/30/23			66,540	(642,316)	95		(575,681)			
COVID-19 - ESSER II Grant Program	84.425D	S425D220027	22-5120-513	1,910,887	3/13/20	9/30/23	(1,163,855)		1,163,855							
COVID-19 Supplemental Appropriations Act (CRRSA) Learning Acceleration Grant Program	84.425D	S425D220027	22-5120-513	85,462	3/13/20	9/30/23			45,535	(67,961)	7,500		(14,926)			
COVID-19 Supplemental Appropriations Act (CRRSA) Learning Acceleration Grant Program	84.425D	S425D220027	22-5120-513	122,631	3/13/20	9/30/23	(44,669)		44,669							
COVID-19 Mental Health Grant	84.425D	S425D220027	22-5120-513	45,000	3/13/20	9/20/23	(42,835)		34,659		8,176					
COVID-19 ARP ESSER Grant Program	84.425U	S425D220027	22-5120-513	4,294,594	3/13/20	9/30/24			2,068	(309,535)			(307,467)			
COVID-19 ARP Mental Health Support Staffing Grant	84.425U	S425D220027	22-5120-513	88,501	3/13/20	9/30/24			(17,213)				(17,213)			
Subtotal of Elementary and Secondary School Emergency Relief Funds							(1,251,359)		1,357,326	(1,037,025)	15,771		(915,287)			
COVID-19 ARP Homeless	84.425W	S425D220027	22-5120-513	20,585	3/13/20	9/30/24				(20,585)			(20,585)			
Total Special Revenue Fund							(1,414,985)		2,656,013	(2,405,313)	15,771		(1,211,674)	63,160		
U.S. Department of Agriculture-Passed-Through NJ Department of Agriculture																
Enterprise Fund:																
Child Nutrition Cluster:																
Food Donation Program (NC)	10.555	221NJ304N1099	10-3350-106	89,819	7/1/21	6/30/22			89,819	(85,259)				4,560		
Food Donation Program (NC)	10.555	211NJ304N1099	10-3350-106	68,526	7/1/20	6/30/21		9,238		(9,238)						
National School Lunch Program	10.555	221NJ304N1099	10-3350-026	1,405,051	7/1/21	6/30/22			1,276,042	(1,405,051)			(129,009)			
National School Lunch Program	10.555	211NJ304N1099	10-3350-026	615,385	7/1/20	6/30/21	(140,024)		140,024							
Emergency Operational Cost Program	10.555	202121H170341	10-3350-112	45,926	7/1/20	6/30/21	(45,926)		45,926							
School Breakfast Program	10.553	221NJ304N1099	10-3350-028	399,806	7/1/21	6/30/22			353,336	(396,806)			(43,470)			
School Breakfast Program	10.553	211NJ304N1099	10-3350-028	413,056	7/1/20	6/30/21	(41,833)		41,833							
Healthy Hunger-Free Kids Act	10.555	211NJ304N1099	10-3350-026	13,702	7/1/20	6/30/21	(1,255)		1,255							
Subtotal Child Nutrition Cluster:							(219,800)		1,948,235	(1,896,354)			(172,479)	4,560		
COVID-19 P-EBT Administrative Cost Reimbursements	10.649	222121S900941	10-3350-115	3,135	7/1/21	6/30/22			3,135	(3,135)						
COVID-19 P-EBT Administrative Cost Reimbursements	10.649	202121S900941	10-3350-115	3,063	7/1/20	6/30/21	(3,063)		3,063							
Total Enterprise Fund							(222,863)		1,954,433	(1,899,489)			(172,479)	4,560		
Total Federal Awards							\$ (1,637,848)	\$ -	\$ 4,694,854	\$ (4,419,970)	\$ 15,771	\$ -	\$ (1,414,913)	\$ 67,720	\$ -	\$ -

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, 2022

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Balance at June 30, 2022			MEMO	
					Unearned Revenue (Accounts Receivable)	Carryover/ (Walkover) Amount			Intergovernmental (Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Transportation Aid	22-495-034-5120-014	\$ 1,989,096	7/1/2021	6/30/2022			\$ 1,807,222	\$ (1,989,096)				\$ (181,874)	\$ (1,989,096)
Transportation Aid	21-495-034-5120-014	1,989,096	7/1/2020	6/30/2021	\$ (184,492)		184,492						
Special Education Categorical Aid	22-495-034-5120-089	1,756,005	7/1/2021	6/30/2022			1,595,443	(1,756,005)				(160,562)	(1,756,005)
Special Education Categorical Aid	21-495-034-5120-089	1,756,005	7/1/2020	6/30/2021	(162,872)		162,872						
Extraordinary Aid	22-495-034-5120-044	1,616,271	7/1/2021	6/30/2022				(1,616,271)	\$ (1,616,271)				(1,616,271)
Extraordinary Aid	21-495-034-5120-044	1,709,364	7/1/2020	6/30/2021	(1,709,364)		1,709,364						
Security Aid	22-495-034-5120-084	573,735	7/1/2021	6/30/2022			521,275	(573,735)				(52,460)	(573,735)
Security Aid	21-495-034-5120-084	573,735	7/1/2020	6/30/2021	(53,215)		53,215						
Adjustment Aid	22-495-034-5120-085	882,464	7/1/2021	6/30/2022			801,775	(882,464)				(80,689)	(882,464)
Adjustment Aid	21-495-034-5120-085	989,303	7/1/2020	6/30/2021	(91,760)		91,760						
Other State Aid (NP Transportation Aid)	Not Available	19,555	7/1/2021	6/30/2022				(19,555)	(19,555)				(19,555)
Other State Aid (NP Transportation Aid)	Not Available	11,600	7/1/2020	6/30/2021	(11,600)		11,600						
Homeless Transportation Aid	Not Available	65,754	7/1/2021	6/30/2022				(65,754)	(65,754)				(65,754)
On-Behalf TPAF Medical Contributions (NC)	22-495-034-5094-001	2,121,402	7/1/2021	6/30/2022			2,121,402	(2,121,402)					(2,121,402)
On-Behalf TPAF Long-Term Disability Insurance (N)	22-495-034-5094-004	3,061	7/1/2021	6/30/2022			3,061	(3,061)					(3,061)
On-Behalf TPAF Pension and Annuity Fund (NC)	22-495-034-5094-002	9,079,774	7/1/2021	6/30/2022			9,079,774	(9,079,774)					(9,079,774)
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	1,725,130	7/1/2021	6/30/2022			1,639,500	(1,725,023)	(85,523)				(1,725,023)
School Security Grant	22-588-034-5120-001	163,936	7/1/2020	6/30/2022			163,936	(163,936)					(163,936)
Total General Fund					(2,213,303)		19,946,691	(19,996,076)		(1,787,103)		(475,585)	(19,996,076)
Special Revenue Fund:													
NJ School Development Authority (SDA)													
Emergent and Capital Needs Grant	Various	70,189	7/1/2021	6/30/2022			70,189	(43,957)		\$ 26,232			(43,957)
Total Special Revenue Fund							70,189	(43,957)		26,232			(43,957)
Debt Service Fund:													
Debt Service Aid	22-495-034-5120-017	161,390	7/1/2021	6/30/2022			161,390	(161,390)					(161,390)
Total Debt Service Fund							161,390	(161,390)					(161,390)
State Department of Agriculture:													
Enterprise Fund:													
School Lunch Program (State Share)	22-100-010-3350-023	32,990	7/1/2021	6/30/2022			30,021	(32,990)	(2,969)				(32,990)
School Lunch Program (State Share)	21-100-010-3350-023	33,713	7/1/2020	6/30/2021	(8,167)		8,167						
					(8,167)		38,188	(32,990)	(2,969)				(32,990)
State Department of Education:													
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	154,573	7/1/2021	6/30/2022			146,978	(154,573)	(7,595)				(154,573)
Total Enterprise Fund					(8,167)		185,166	(187,563)	(10,564)				(187,563)
Total state financial assistance					\$ (2,221,470)	\$ -	\$ 20,363,436	\$ (20,388,986)	\$ (1,797,667)	\$ 26,232	\$ -	\$ (475,585)	\$ (20,388,986)
Total State Financial Assistance Not Subject to Single Audit Determination													
General Fund:													
On-Behalf TPAF Medical Contributions (NC)	22-495-034-5094-001	2,121,402	7/1/2021	6/30/2022			(2,121,402)	2,121,402					2,121,402
On-Behalf TPAF Long-Term Disability Insurance (N)	22-495-034-5094-004	3,061	7/1/2021	6/30/2022			(3,061)	3,061					3,061
On-Behalf TPAFPension and Annuity (NC)	22-495-034-5094-002	9,079,774	7/1/2021	6/30/2022			(9,079,774)	9,079,774					9,079,774
Total State Financial Assistance Subject to Single Audit Determination					\$ (2,221,470)	\$ -	\$ 9,159,199	\$ (9,184,749)	\$ (1,797,667)	\$ 26,232	\$ -	\$ (475,585)	\$ (9,184,749)
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, 2022

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, 2022

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</u> <u>Receivable</u>	<u>Budgetary</u> <u>Basis</u>	<u>Less:</u> <u>Encumbrances</u>	<u>GAAP</u> <u>Basis</u>
Federal	\$1,211,674	\$815,633	\$396,041

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$16,754 for the general fund and (\$232,166) net 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	\$ 115,168	\$ 19,947,076	\$ 20,062,244
Special Revenue Fund	2,116,198	43,957	2,160,155
Debt Service Fund		161,390	161,390
Enterprise Fund/Food Service	1,899,489	32,990	1,932,479
Enterprise Fund/Regional Day School		154,679	154,679
Total financial award revenues	<u>\$ 4,130,855</u>	<u>\$ 20,340,092</u>	<u>\$ 24,470,947</u>

Manchester Township School District

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

Year ended June 30, 2022

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, 2022.

The post retirement pension, medical and long-term disability benefits received on-behalf of the District for the year ended June 30, 2022 amounted to \$11,204,237. 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 cancelled purchase orders related to COVID funds in the amount of \$15,771.

Manchester Township School District
Schedule of Findings and Questioned Costs
June 30, 2022

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
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Manchester Township School District

Schedule of Findings and Questioned Costs

June 30, 2022

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:

GMIS/Program Number	Name of State Program or Cluster
22-495-034-5120-004 22-495-034-5094.003	Extraordinary Aid Reimbursed TPAF Social Security Contributions

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

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

Manchester Township School District

Schedule of Findings and Questioned Costs

June 30, 2022

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, 2022

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, 2022

No prior year findings were noted.