

# MANCHESTER TOWNSHIP SCHOOL DISTRICT



Manchester Township Board of Education  
Manchester Township, New Jersey

Annual Comprehensive Financial Report  
*Year Ended June 30, 2023*

*"Excellence by Example"*

# MANCHESTER TOWNSHIP SCHOOL DISTRICT

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**MANCHESTER TOWNSHIP  
SCHOOL DISTRICT**

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2023

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



# Manchester Township Board of Education

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November 30, 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, 2023, 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, 2023 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 2022/2023 fiscal year with an enrollment of 2,878 students. This includes 125 students in grades 9-12 received from Lakehurst Elementary on a tuition basis. The enrollment at the State's Regional Day School at Jackson (RDS) administered by the District for 2022/2023 was 69.0. The following details the changes in the student enrollment of the District and RDS over the last five years.

### **Average Daily Enrollment**

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2022-2023 (RDS)	2,878.0 69.0	2.31 4.54
2021-2022 (RDS)	2,813.0 66.0	(2.29) 4.00
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

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 2023-2024 school year to be 2,885 and 66 respectively.

## **2. Economic Condition and Outlook**

The natural features of Manchester Township include vast tracts of Pinelands providing major aesthetic and environmental qualities, which were critical factors in the development of large-scale retirement communities making Manchester one of the major retirement areas in the United States. A major regional factor affecting the future of Manchester Township is the Pinelands



Comprehensive Management Plan, which limits development potential in approximately 72 percent of the Township. The Plan protects and preserves the Pinelands of New Jersey as part of a million-acre National Reserve. The Pinelands Plan and Regulations dominate much of the development of the master plan for Manchester Township as well as master plans for adjacent municipalities, Ocean County, and the State.

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

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

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

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

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

Manchester currently has six school buildings ranging in age from 28 years old to 63 years old. Given the age of the buildings, the schools are in excellent condition. The District passed two referendums in the last 13 years that 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 2022-2023 were:

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

Status: 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.
- The District maintained two full time security staff members for the 2022-2023 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 four Class III officers and added a fifth in 2023-2024 to bolster school security. Each school now has an armed officer in place.
- 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.
- Visitor Management Systems were added to do background checks prior to visitors entering the buildings.
- 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 in all district schools. 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 District has reduced energy cost by over \$5.5 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 1,000 computers. Each year, the District purchases a block of new computers to replace older units that have reached their life expectancy and are no longer effective. The replaced units are either repurposed or used for parts. In addition to computers, the District has purchased MOBI's, Epson Brite's, Laptops, Chromebooks, and document cameras to be used as part of the instructional process in all the district schools. The District wireless network continues to be improved and additional bandwidth was needed to support growing technology. At present, the District has over 4,500 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 \$5.5 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.
- The District completed a Strategic Plan after an extensive process that took several months with input from parents, students, staff members and community members. The data was collected from all the stakeholders, analyzed and resulted in the establishing District goals.

- The District also conducted a demographic study to analyze the enrollment as well as possible redistricting options. At the conclusion of the study, it was not cost feasible to redistrict certain grade levels. The study also showed that enrollment could see a slight increase over the next five years with new homes, apartments and townhomes being built in the area. There is still a bit of uncertainty on the impact of a new population of families moving into town that do not send their children to the District related to enrollment.
- 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’s 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, 2023.

## **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, 2022. This is the twenty-eight 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 2022-2023 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 11% 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 2023-2024 budget and beyond. Currently, minimum wage is \$14 per hour. This will increase to \$15 per hour in January 2024. 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 school 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 affect and change the landscape of the school budget.

The impact of families that have moved into town and send their children to private schools will continue to have a significant impact on the budget. The District is required to transport these students or pay Aid in Lieu for each school-aged child. The District has seen these payments increase over 800% in the past year. It is anticipated that these payments will continue to grow as more families move into town.

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 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,



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Diane Pedroza  
Interim Superintendent



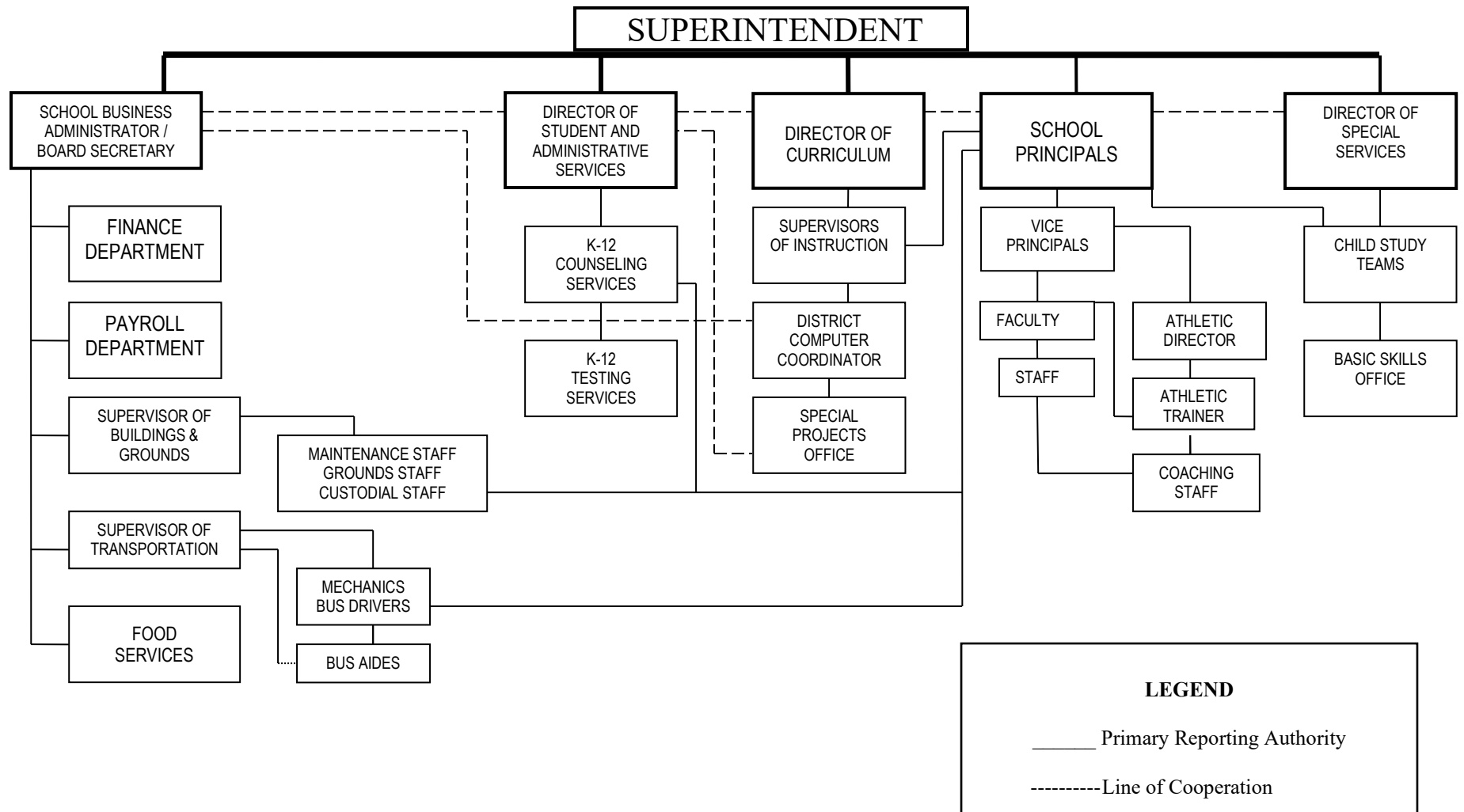
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Craig A. Lorentzen, CPA

# MANCHESTER TOWNSHIP SCHOOL DISTRICT

## Organization Chart

### BOARD OF EDUCATION



Manchester Township School District  
Manchester Township, New Jersey

Roster of Officials

June 30, 2023

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Ken Pate, President	2023
Gayle Mount, Vice President	2025
George Cervenak III	2024
Gina Georgiano	2023
Faye Weinstein	2025
Michael Kelliher	2024
Laura Wingler	2023
Deborah Pease (Lakehurst Board Representative)	

**Other Officials**

John Berenato, Superintendent of Schools through November 7, 2023

Diane Pedroza, Interim Superintendent of Schools November 8, 2023 - present

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 Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2022.**

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



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

**John W. Hutchison**  
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

**Siobhán McMahon, CAE**  
Chief Operations Officer/  
Interim 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, each major fund and the aggregate remaining fund information of the Manchester Township School District, Ocean County, New Jersey (the "District"), as of and for the year ended June 30, 2023, 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, 2023, 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 Auditors' 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.

#### ***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.

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

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

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

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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, 2023. 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 November 30, 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  
November 30, 2023

*Robert E. Provost*

Robert Provost, CPA  
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, 2023

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, 2023. 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 (2022-2023) and the prior fiscal year (2021-2022) 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 33-34 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 three 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 35 - 37 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 38-40 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 41-80 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 100-102 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, 2023 and 2022:

Manchester Township Board of Education						
Manchester Township, New Jersey						
Net Position						
	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Assets</b>						
Current and other assets	\$ 10,288,416	\$ 4,745,198	\$ 15,033,614	\$ 9,795,358	\$ 3,677,362	\$ 13,472,720
Capital assets, net	42,912,196	111,204	43,023,400	43,611,087	119,399	43,730,486
<b>Total assets</b>	<b>53,200,612</b>	<b>4,856,402</b>	<b>58,057,014</b>	<b>53,406,445</b>	<b>3,796,761</b>	<b>57,203,206</b>
Deferred outflows of resources	3,400,588	391,302	3,791,890	2,985,123	314,755	3,299,878
<b>Liabilities:</b>						
Current liabilities	8,564,107	249,908	8,814,015	7,315,241	316,059	7,631,300
Net pension liabilities	15,694,876	2,141,219	17,836,095	12,231,426	1,614,624	13,846,050
Long-term liabilities outstanding	16,163,610		16,163,610	18,442,104		18,442,104
<b>Total Liabilities</b>	<b>40,422,593</b>	<b>2,391,127</b>	<b>42,813,720</b>	<b>37,988,771</b>	<b>1,930,683</b>	<b>39,919,454</b>
Deferred inflow of resources	2,800,359	271,621	3,071,980	8,051,667	1,070,049	9,121,716
<b>Net position:</b>						
Net investment in capital assets	28,210,392	111,204	28,321,596	26,704,868	119,399	26,824,267
Restricted	5,052,148		5,052,148	5,145,333		5,145,333
Unrestricted	(19,884,292)	2,473,752	(17,410,540)	(21,499,071)	991,276	(20,507,795)
<b>Total net position</b>	<b>\$ 13,378,248</b>	<b>\$ 2,584,956</b>	<b>\$ 15,963,204</b>	<b>\$ 10,351,130</b>	<b>\$ 1,110,675</b>	<b>\$ 11,461,805</b>

#### Governmental Activities

The increase in current and other assets from the prior year was primarily attributable to an increase of approximately \$500,000 in the current year accounts receivable balance from the prior year, which resulted from an increase to the federal account receivable in the special revenue fund accounts receivable balance from the prior year. This increase was driven by a significant amount of American Rescue Plan ESSER grant funds spent during the year ended June 30, 2023.

Capital assets, net, decreased from the prior year. Depreciation and amortization expense of \$3,227,492 was offset by capital asset acquisitions of \$2,528,601.

Collectively, current and long-term liabilities decreased by approximately \$1,200,000 as a direct result of debt service payments in the amount of \$2,220,000 offset by an increase in special revenue fund encumbrances and unearned revenue at June 30, 2023 from the addition of the preschool program. The District received state aid specific to the preschool program for the year ended June 30, 2023. Based on the state aid received and expenditures incurred for this program, there was approximately \$130,000 remaining in unearned revenue at June 30, 2023. Additionally, there was approximately \$600,000 in open commitments for equipment for the benefit of the program that did not arrive until after June 30, 2023.



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 2023 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, 2021 and rolled forward to 2021. The net pension liability associated with the District's governmental activities at June 30, 2023 amounted to \$15,694,876, which was an increase of approximately \$3,500,000 and resulted from changes in the net pension calculation.

The largest portion of the District's governmental activities net position is its net investment in capital assets, \$28,210,392 (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 \$5,052,148 is comprised of amounts restricted for Maintenance Reserve in the amount of \$1,134,510, amounts restricted for Capital Reserve in the amount of \$2,365,650, amounts restricted for Unemployment Compensation in the amount of \$289,738, amounts restricted for Scholarships in the amount of \$114,428, amounts restricted for Student Activities in the amount of \$296,877 and excess surplus in the amount of \$850,945 that is restricted to be utilized in the District's 2024 and 2025 fiscal year budgets.

The remaining deficit balance, (\$19,884,292) 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 \$1,473,000 in net position reported in connection with the District's business-type activities as a result of the following:

- For the Regional Day School, overall net position for the program increased approximately \$1,200,000 driven by an increase in tuition revenue. As a second full operational year continued following the global pandemic and there were strengthened infectious disease prevention strategies, there was a further increase from the prior year in both enrollment and one on one aid costs to assist the students.
- The Regional Day School's share of the net pension liability increased by approximately \$526,000 to \$2,141,219 based on the factors above.

**District activities.** The key elements of the District's changes in net position for the years ended June 30, 2023 and 2022 are as follows:

Manchester Township Board of Education  
Manchester Township, New Jersey

Changes in Net Position

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 3,476,716	\$ 7,908,963	\$ 11,385,679	\$ 3,359,297	\$ 6,885,158	\$ 10,244,455
Operating and capital grants and contributions	6,875,153	1,428,612	8,303,765	2,227,715	2,087,052	4,314,767
<b>General revenues:</b>						
Property taxes	51,495,677		51,495,677	50,771,949		50,771,949
Federal and state sources, unrestricted	15,724,960		15,724,960	20,106,551		20,106,551
Investment earnings	2,700		2,700	23,220		23,220
Interest income	149,162		149,162	22,464		22,464
Miscellaneous	28,430		28,430	80,552		80,552
<b>Total revenues</b>	<b>77,752,798</b>	<b>9,337,575</b>	<b>87,090,373</b>	<b>76,591,748</b>	<b>8,972,210</b>	<b>85,563,958</b>
<b>Expenses:</b>						
Instructional services	44,419,459	1,810,725	46,230,184	44,259,531	1,853,738	46,113,269
Support services	29,896,326	6,052,569	35,948,895	28,297,722	5,347,894	33,645,616
Interest on long-term liabilities	409,895		409,895	488,515		488,515
<b>Total expenses</b>	<b>74,725,680</b>	<b>7,863,294</b>	<b>82,588,974</b>	<b>73,045,768</b>	<b>7,201,632</b>	<b>80,247,400</b>
Change in net position	3,027,118	1,474,281	4,501,399	3,545,980	1,770,578	5,316,558
Net position (deficit)	10,351,130	1,110,675	11,461,805	6,805,150	(659,903)	6,145,247
<b>Net position - ending</b>	<b>\$ 13,378,248</b>	<b>\$ 2,584,956</b>	<b>\$ 15,963,204</b>	<b>\$ 10,351,130</b>	<b>\$ 1,110,675</b>	<b>\$ 11,461,805</b>

**Governmental Activities**

Operating and capital grants and contributions increased in the current year primarily driven by the preschool state aid received by the District for the year ended June 30, 2023 to fund the universal preschool program.

The total general fund tax levy in 2023 was \$49,116,199. That is an increase of \$950,356 over the 2022 general fund tax levy of \$48,165,843. The 2022-2023 tax levy increase is below the state-mandated 2% cap.

Increase of approximately \$1,500,000 in support services was directly related to the universal preschool program. There was an influx of supplies and services required as the program was new to the District.

The current year impact of Governmental Accounting Standards Board (GASB) Statement No. 75 (OPEB) contributed to approximately a \$4,000,000 decrease to the federal and state source revenue. 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 2.16% to 3.54% in the current year contributing to a large fluctuation in the calculated data.

### *Business-Type Activities*

- Charges for services increased by approximately \$1,000,000 from 2022 primarily driven by the increase in the spike in Regional Day School revenue mentioned above. Local revenue from food service also increased by approximately \$400,000 in the current year. As the federal funds offered through the global pandemic for universal free meals expired, there was a significant increase in daily sales revenue.
- Operating grants and contributions decreased in the current year by approximately \$660,000. This was directly related to the decrease of approximately \$655,000 in the federal funding for food service. During June 30, 2022, the federal government was still providing additional aid to provide free lunch for all students during the pandemic.
- Expenses increased by approximately \$660,000 compared to the 2022 fiscal year, a large portion of which is directly attributable to an increase in Regional Day Schools expenses. The increase is directly related to the increase in salary and employee benefits within Regional Day School.

### **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, 2023, and the increases in relation to the prior year.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase from 2022</b>	<b>Percent of Increase (Decrease)</b>
Local Sources	\$54,750,731	66.58%	\$921,291	1.71%
State Sources	22,564,889	27.44%	2,412,466	11.97%
Federal Sources	4,918,351	5.98%	2,686,985	120.42%
<b>Total</b>	<b>\$82,233,971</b>	<b>100.00%</b>	<b>\$6,020,742</b>	<b>3.54%</b>

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 universal preschool program. The District is receiving additional state funding to run the new program. The increase in federal sources is the result of the District spending additional federal funding from the Elementary and Secondary School Emergency Relief American Rescue Program.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2023 and the increases and (decreases) related to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2022	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 28,040,943	33.58%	\$1,927,263	7.38%
Undistributed expenditures	50,052,954	59.95%	3,645,919	7.86%
Capital outlay	2,684,848	3.22%	1,049,234	64.15%
Debt service:				
Principal	2,220,000	2.66%	15,000	0.68%
Interest	496,131	0.59%	(78,075)	-13.60%
<b>Total</b>	<b>\$83,494,876</b>	<b>100.00%</b>	<b>\$6,559,341</b>	<b>8.53%</b>

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 \$3,600,000 from the 2022 fiscal year and was largely driven by an increase in TPAF Pension, Medical, Long-term Disability Insurance and Social Security on-behalf payments from fiscal year 2022. The District had an increase during fiscal year 2023 in capital outlay of approximately \$1,000,000 related directly to a increase in non-instructional services as many projects were started within the current year that related to preschool school and various building HVAC improvements. The District has no new bonds issued during the fiscal year 2023, which attributed to the changes noted above to debt service.

The increase in expenditures was primarily driven by the District fully recovering from the devastating effects of the global pandemic and expanding on its extracurricular activities. 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 \$90,000 during the 2023 fiscal year primarily the result of an increase in expenditures. As of June 30, 2023, the District has an unassigned fund balance of \$854,494 and excess surplus generated in the current year in the amount of \$430,962. The District designated \$419,983 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 \$2,365,650 for future capital improvements, as well as a maintenance reserve restricted fund balance in the amount of \$1,134,510 for future maintenance projects. \$289,738 is restricted for unemployment compensation. \$595,767 is recorded in encumbrances and assigned for other purposes.

#### Special Revenue Fund

Expenditures in the Special Revenue Fund increased by approximately \$5,000,000 as a result of an increase in expenditures in the Elementary and Secondary School Emergency Relief American Rescue Program and the expenditures required to run the new universal preschool program.

## Capital Projects Fund

As of June 30, 2023, the District's Capital Project's Fund Balance was \$0 which represented no change from prior year.

## Debt Service Fund

As of June 30, 2023, the District's Debt Service Fund Balance was \$209. This is a decrease from the prior year of \$165,092. The decrease was due to budgeted utilization of prior year fund balance.

## **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, 2023 and 2022:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$1,220,818	\$1,220,818			\$1,220,818	\$1,220,818
Buildings and building improvements	37,200,124	38,012,026			37,200,124	38,012,026
Machinery, equipment and vehicles	3,683,143	4,204,761	\$111,204	\$119,399	3,794,347	4,324,160
Right-to-use asset	808,111	173,482			808,111	173,482
Total capital assets, net	<u>\$42,912,196</u>	<u>\$43,611,087</u>	<u>\$111,204</u>	<u>\$119,399</u>	<u>\$43,023,400</u>	<u>\$43,730,486</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, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Bonds payable (net)	\$13,429,830	\$15,784,225
Financed purchases payable	1,570,852	1,458,003
Obligations under leases	117,025	167,883
Compensated absences	4,080,306	3,981,742
Total long-term liabilities	<u>\$19,198,013</u>	<u>\$21,391,853</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, budgeted withdrawals to the capital and maintenance reserves and an adjustment for prior year encumbrances.

Described below are explanations for variations in realized revenues and expenditures for those lines where the final budgeted amounts differ from the actual amounts by more than \$500,000 and 5%. All other fluctuations less than \$500,000 and 5% are considered immaterial.

- On-behalf TPAF pension and reimbursed social security contributions are unbudgeted revenue sources. Consequently, actual revenues as well as the related expenditures exceeded the final budgeted amount by 100.0%
- Assets acquired under lease is an unbudgeted expense source. Consequently, actual expenditures exceed the final budgeted amount by 100%
- Capital outlay- non instructional equipment actual expenditures of \$376,221 was lower than anticipated because projects were not complete within the current year. \$570,589 was encumbered as of June 30, 2023.

### **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 11% of its revenues from state sources and that is expected to decrease for the near 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 11% of its general fund budget from categorical state aid during 2022-2023 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 \$51,081 is the 13<sup>th</sup> lowest in the state, we are 8.1% below the poverty level and the average home value is \$201,400. The funding formula for state aid has not significantly favored funding for the District. The District maintains over 1,000 devices 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. At present, the District has over 4,500 Chromebooks in the District. Additionally, our instructional classrooms are now equipped with interactive projectors and monitors. 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 \$5,400,000 and is very optimistic that it will continue to save on energy consumption in the future.

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 District is in its first full year of receiving state aid for the Preschool Education Aid program. There are approximately 206 three and four year olds both regular education and special education enrolled in a full day program. This has helped stabilize a declining enrollment. This program has been very well received in our community. As we look to expand this program, space in our schools may become an issue and the District may need to look at other ways to grow the program.

The demographics in Manchester continue to change. More families that sent their children to the District are moving out of town and the families moving in are not sending their students to Manchester. They are going to various private schools in Lakewood and surrounding towns. This has had an impact on district enrollment and the budget as the district is responsible for transporting students to private schools through either district busing, contracted busing or aid in lieu. This will continue to have an incremental impact in future school years.

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 school districts bear the majority of the cost when premiums increase. We are expecting this trend to continue for the near future.

The cost of supplies, utilities, equipment, materials, labor and supply chain issues have added more operational cost to the District. These costs are increasing at a rate that exceeds our tax levy cap. As these costs increase, more funds are being diverted from other budget areas to support the rising costs. The District will continue to monitor this and look for ways to reduce operational cost.

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 28 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 2023-2024 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, 2023.

## Manchester Township School District

## Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 6,845,495	\$ 3,495,495	\$ 10,340,990
Accounts receivable	3,562,818	1,082,946	4,645,764
Internal balances	(135,955)	135,955	-
Inventories		30,802	30,802
Investments	16,058		16,058
Capital assets, non-depreciable	1,220,818		1,220,818
Capital assets, net of depreciation and amortization	41,691,378	111,204	41,802,582
Total assets	<u>53,200,612</u>	<u>4,856,402</u>	<u>58,057,014</u>
<b>Deferred Outflows of Resources</b>			
Pension deferrals	2,984,685	391,302	3,375,987
Deferred loss on defeasance of debt	415,903		415,903
Total deferred outflows of resources	<u>3,400,588</u>	<u>391,302</u>	<u>3,791,890</u>
<b>Liabilities</b>			
Accounts payable	1,911,378	224,779	2,136,157
Accrued interest payable	174,488		174,488
Payroll deductions and withholdings payable	2,572,546		2,572,546
Unemployment compensation claims payable	109,871		109,871
Unearned revenue	761,421	25,129	786,550
Net pension liability	15,694,876	2,141,219	17,836,095
Current portion of long-term obligations	2,972,198		2,972,198
Noncurrent portion of long-term obligations	16,225,815		16,225,815
Total liabilities	<u>40,422,593</u>	<u>2,391,127</u>	<u>42,813,720</u>
<b>Deferred Inflow of Resources</b>			
Pension deferrals	<u>2,800,359</u>	<u>271,621</u>	<u>3,071,980</u>
<b>Net Position</b>			
Net Investment in capital assets	28,210,392	111,204	28,321,596
Restricted for:			
Capital reserve	2,365,650		2,365,650
Maintenance reserve	1,134,510		1,134,510
Unemployment compensation	289,738		289,738
Scholarships	114,428		114,428
Student activities	296,877		296,877
Excess surplus	850,945		850,945
Unrestricted	(19,884,292)	2,473,752	(17,410,540)
Total net position	<u>\$ 13,378,248</u>	<u>\$ 2,584,956</u>	<u>\$ 15,963,204</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, 2023

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	
<b>Governmental activities</b>						
Instruction	\$ 44,419,460	\$ 2,525,500	\$ 3,464,612	\$ (38,429,348)		\$ (38,429,348)
Support services:						
Attendance/social work	71,989			(71,989)		(71,989)
Health services	496,479			(496,479)		(496,479)
Other support services	8,047,316	522,722	2,015,193	(5,509,401)		(5,509,401)
Improvement of instruction	1,461,678			(1,461,678)		(1,461,678)
Other support:						
Instructional staff	83,678			(83,678)		(83,678)
School library	556,962			(556,962)		(556,962)
General administration	2,696,116			(2,696,116)		(2,696,116)
School administration	4,501,019			(4,501,019)		(4,501,019)
Required maintenance of plant services	950,050			(950,050)		(950,050)
Operation of plant	4,446,129		1,395,348	(3,050,781)		(3,050,781)
Student transportation	6,584,911	428,494		(6,156,417)		(6,156,417)
Interest on long-term debt	409,895			(409,895)		(409,895)
Total governmental activities	<u>74,725,680</u>	<u>3,476,716</u>	<u>6,875,153</u>	<u>(64,373,811)</u>		<u>(64,373,811)</u>
<b>Business-type activities</b>						
Food service	1,810,725	810,440	1,277,691		\$ 277,406	277,406
Regional day school	6,052,569	7,098,523	150,921		1,196,875	1,196,875
Total business-type activities	<u>7,863,294</u>	<u>7,908,963</u>	<u>1,428,612</u>		<u>1,474,281</u>	<u>1,474,281</u>
	<u>\$ 82,588,974</u>	<u>\$ 11,385,679</u>	<u>\$ 8,303,765</u>	<u>(64,373,811)</u>	<u>1,474,281</u>	<u>(62,899,530)</u>
<b>General revenues:</b>						
Property taxes, levied for general purposes				49,116,199		49,116,199
Property taxes, levied for debt service				2,379,478		2,379,478
Federal sources, unrestricted				313,354		313,354
State sources, unrestricted				15,411,606		15,411,606
Interest income				149,162		149,162
Interest and investment earnings - restricted				2,700		2,700
Miscellaneous income				28,430		28,430
Total general revenues				<u>67,400,929</u>		<u>67,400,929</u>
Change in net position				3,027,118	1,474,281	4,501,399
Net position—beginning				10,351,130	1,110,675	11,461,805
Net position—ending				<u>\$ 13,378,248</u>	<u>\$ 2,584,956</u>	<u>\$ 15,963,204</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, 2023

	Major Funds			
	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 6,432,867	\$ 411,305	\$ 209	6,844,381.00
Investments	16,058			16,058
Accounts receivable:				
State	1,592,555			1,592,555
Federal		1,099,549		1,099,549
Other	751,703			751,703
Interfund receivable	342,321			342,321
Total assets	<u>\$ 9,135,504</u>	<u>\$ 1,510,854</u>	<u>\$ 209</u>	<u>\$ 10,646,567</u>
<b>Liabilities</b>				
Accounts payable	\$ 59,198	\$ 413,841		\$ 473,039
Interfund payable	135,955	296,797		432,752
Payroll deductions and withholdings payable	2,572,546			2,572,546
Unemployment compensation claims payable	109,871			109,871
Unearned revenue		761,421		761,421
Total liabilities	<u>2,877,570</u>	<u>1,472,059</u>		<u>4,349,629</u>
<b>Fund balances:</b>				
Restricted for:				
Excess Surplus - current year	430,962			430,962
Excess Surplus - prior year - designated for subsequent year's expenditures	419,983			419,983
Unemployment compensation	289,738			289,738
Scholarships		114,428		114,428
Student Activities		296,877		296,877
Maintenance reserve	1,134,510			1,134,510
Capital reserve	2,365,650			2,365,650
Debt service			\$ 209	209
Assigned to:				
Other purposes	595,767			595,767
Unreserved - designated for subsequent year's expenditures	166,830			166,830
Unassigned:				
General fund	854,494			854,494
Special revenue fund		(372,510)		(372,510)
Total fund balances	<u>6,257,934</u>	<u>38,795</u>	<u>209</u>	<u>6,296,938</u>
Total liabilities and fund balances	<u>\$ 9,135,504</u>	<u>\$ 1,510,854</u>	<u>\$ 209</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$107,579,930 and the accumulated depreciation and amortization is \$64,667,734.				42,912,196
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.				74,601
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.				(174,488)
Losses and gains from the issuance of refunding bonds are deferred and amortized over the life of the bond.				415,903
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.				184,326
Accrued pension contributions for the June 30, 2023 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.				(1,438,339)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.				(15,694,876)
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.				(19,198,013)
Net position of governmental activities (A-1)				<u>\$ 13,378,248</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, 2023

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Debt Service Fund	
<b>Revenues:</b>				
Local sources:				
Local tax levy	\$ 49,116,199		\$ 2,379,478	\$ 51,495,677
Tuition	2,525,500			2,525,500
Interest income	149,162			149,162
Other restricted miscellaneous revenues	2,700			2,700
Miscellaneous	28,430	\$ 549,262		577,692
Total local sources	51,821,991	549,262	2,379,478	54,750,731
State sources	20,149,712	2,243,616	171,561	22,564,889
Federal sources	313,354	4,604,997		4,918,351
Total revenues	72,285,057	7,397,875	2,551,039	82,233,971
<b>Expenditures:</b>				
Current:				
Instruction	24,576,331	3,464,612		28,040,943
Undistributed-current:				
Instruction	3,713,434			3,713,434
Attendance/social work	55,239			55,239
Health services	496,479			496,479
Support services	3,396,821	2,945,820		6,342,641
Improvement of instruction	987,830			987,830
School library	391,682			391,682
Instructional staff training	68,907			68,907
General administration	520,291			520,291
School administration	2,149,703			2,149,703
Central services	585,698			585,698
Information technology	374,684			374,684
Required maintenance for school facilities	713,554			713,554
Operation of plant	4,191,930			4,191,930
Student transportation	5,091,469			5,091,469
Unallocated benefits	10,756,396			10,756,396
On-behalf TPAF social security and pension contributions	13,613,017			13,613,017
Capital outlay	1,289,500	1,395,348		2,684,848
Debt service:				
Principal			2,220,000	2,220,000
Interest			496,131	496,131
Total expenditures	72,972,965	7,805,780	2,716,131	83,494,876
(Deficiency) of revenues over (under) expenditures	(687,908)	(407,905)	(165,092)	(1,260,905)
Other financing sources (uses):				
Transfers in		80,844		80,844
Transfers out	(80,844)			(80,844)
Leases (non-budgeted)	678,000			678,000
Total other financing sources (uses)	597,156	80,844	-	678,000
Net change in fund balances	(90,752)	(327,061)	(165,092)	(582,905)
Fund balances, July 1	6,348,686	365,856	165,301	6,879,843
Fund balances, June 30	\$ 6,257,934	\$ 38,795	\$ 209	\$ 6,296,938

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).



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, 2023

**Total net change in fund balances - governmental funds (from B-2)** \$ (582,905)

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.

	\$	2,528,602	
Capital Asset Additions			
Depreciation/Amortization Expense		(3,227,493)	(698,891)

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.

		2,220,000	
Serial Bonds Payable			
Financed Purchases Payable		565,151	
Obligations Under Leases		50,858	2,836,009

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. (678,000)

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.

			2,163,289
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.

		139,044	
Amortization of Premiums on Bonds			
Amortization of Discounts on Bonds		(4,649)	
Amortization of Deferred Loss on Defeasance		(87,990)	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. (57)

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. 39,831

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). (98,563)

**Change in net position of governmental activities (A-2)** \$ 3,027,118

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, 2023

	<b>Major Funds</b>			<b>Internal Service Funds</b>
	<b>Business Type Activities - Enterprise Funds</b>			
	<b>Food Service</b>	<b>Regional Day School</b>	<b>Totals</b>	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 867,971	\$ 2,627,524	\$ 3,495,495	\$ 1,114
Accounts receivable:				
State	2,429		2,429	
Federal	74,487		74,487	
Other	42,116	963,914	1,006,030	119,011
Interfund receivable	120,565	15,390	135,955	
Inventories	30,802		30,802	
Total current assets	<u>1,138,370</u>	<u>3,606,828</u>	<u>4,745,198</u>	<u>120,125</u>
Noncurrent assets:				
Capital assets:				
Vehicles and equipment	827,320	2,543,565	3,370,885	
Accumulated depreciation	<u>(732,592)</u>	<u>(2,527,089)</u>	<u>(3,259,681)</u>	
Total capital assets, net	<u>94,728</u>	<u>16,476</u>	<u>111,204</u>	
Total noncurrent assets	<u>94,728</u>	<u>16,476</u>	<u>111,204</u>	
Total assets	<u>1,233,098</u>	<u>3,623,304</u>	<u>4,856,402</u>	<u>120,125</u>
<b>Deferred Outflow of Resources</b>				
Pension deferrals		<u>391,302</u>	<u>391,302</u>	
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	25,229	199,550	224,779	
Interfund payable				45,524
Unearned revenue	<u>25,129</u>		<u>25,129</u>	
Total current liabilities	<u>50,358</u>	<u>199,550</u>	<u>249,908</u>	<u>45,524</u>
Noncurrent liabilities:				
Net pension liability		<u>2,141,219</u>	<u>2,141,219</u>	
Total noncurrent liabilities		<u>2,141,219</u>	<u>2,141,219</u>	
Total liabilities	<u>50,358</u>	<u>2,340,769</u>	<u>2,391,127</u>	<u>45,524</u>
<b>Deferred Inflow of Resources</b>				
Pension deferrals		<u>271,621</u>	<u>271,621</u>	
<b>Net Position</b>				
Investment in capital assets	94,728	16,476	111,204	
Unrestricted	<u>1,088,012</u>	<u>1,385,740</u>	<u>2,473,752</u>	<u>74,601</u>
Total net position	<u>\$ 1,182,740</u>	<u>\$ 1,402,216</u>	<u>\$ 2,584,956</u>	<u>\$ 74,601</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, 2023

	<b>Major Funds</b>			<b>Internal Service Funds</b>
	<b>Business Type Activities - Enterprise Funds</b>			
	<b>Food Service</b>	<b>Regional Day School</b>	<b>Totals</b>	
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 221,943		\$ 221,943	
Daily food sales non-reimbursable programs	550,644		550,644	
Special functions	24,465		24,465	
Tuition		\$ 7,062,966	7,062,966	
Miscellaneous revenue	13,388	35,557	48,945	
Total local sources	810,440	7,098,523	7,908,963	
Services provided to other funds				\$ 428,494
Total operating revenues	810,440	7,098,523	7,908,963	428,494
Operating expenses:				
Salaries	552,136	3,818,791	4,370,927	88,320
Employee benefits	120,738	1,664,270	1,785,008	46,500
Purchased professional services		33,022	33,022	241,194
Purchased property services		183,793	183,793	
Other purchased services	43,059	33,800	76,859	
Supplies and materials	61,886	208,105	269,991	52,537
Depreciation	12,879	2,791	15,670	
Cost of sales program	840,289		840,289	
Management fee	98,414		98,414	
Other objects	81,324	107,997	189,321	
Total operating expenses	1,810,725	6,052,569	7,863,294	428,551
Operating (loss) income	(1,000,285)	1,045,954	45,669	(57)
Nonoperating revenues:				
State sources:				
State school lunch program	32,563		32,563	
Reimbursed TPAF social security contribution		150,921	150,921	
Federal sources:				
National school lunch program	695,006		695,006	
School breakfast program	188,889		188,889	
Supply Chain Assistance Grant	147,297		147,297	
Local Food for Schools Cooperative Grant	60		60	
Paycheck Protection Program (PPP) reimbursement	96,139		96,139	
P-EBT administrative cost reimbursements	3,256		3,256	
Healthy Hunger-Free Kids Act (HHFKA)	19,304		19,304	
Food donation program	95,177		95,177	
Total nonoperating revenues	1,277,691	150,921	1,428,612	
Change in net position	277,406	1,196,875	1,474,281	(57)
Total net position-beginning	905,334	205,341	1,110,675	74,658
Total net position-ending	<u>\$ 1,182,740</u>	<u>\$ 1,402,216</u>	<u>\$ 2,584,956</u>	<u>\$ 74,601</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, 2023

	Major Funds			Internal Service Funds
	Business Type Activities -			
	Food Service	Enterprise Funds Regional Day School	Totals	
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 810,440	\$ 7,098,523	\$ 7,908,963	\$ 428,494
Payments to employees	(552,136)	(3,818,791)	(4,370,927)	(88,320)
Payments for employee benefits	(120,738)	(1,993,185)	(2,113,923)	(46,500)
Payments to suppliers	(1,085,178)	(889,669)	(1,974,847)	(293,731)
Payments for insurance	(75,410)	(33,022)	(108,432)	
Net cash (used in) provided by operating activities	(1,023,022)	363,856	(659,166)	(57)
<b>Cash flows from noncapital financing activities</b>				
Cash received from state and federal reimbursements	1,381,860	150,921	1,532,781	
Receipts and payments to other funds	(120,565)		(120,565)	
Net cash provided by noncapital financing activities	1,261,295	150,921	1,412,216	-
<b>Cash flows from capital and related financing activities</b>				
Purchases of capital assets - equipment	(2,899)	(4,576)	(7,475)	
Net cash (used in) capital and related financing activities	(2,899)	(4,576)	(7,475)	
Net increase in cash and cash equivalents	235,374	510,201	745,575	(57)
Cash and cash equivalents, beginning of year	632,597	2,117,323	2,749,920	1,171
Cash and cash equivalents, end of year	<u>\$ 867,971</u>	<u>\$ 2,627,524</u>	<u>\$ 3,495,495</u>	<u>\$ 1,114</u>
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:</b>				
Operating (loss) income	\$ (1,000,285)	\$ 1,045,954	\$ 45,669	\$ (57)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation	12,879	2,791	15,670	
Change in assets, deferred outflows, liabilities and deferred inflows:				
Decrease (increase) in accounts receivable	56,352	(347,476)	(291,124)	
(Increase) in inventory	(9,210)		(9,210)	
Decrease in deferred outflows of resources		(57,082)	(57,082)	
(Decrease) in deferred inflows of resources		(798,428)	(798,428)	
Increase in net pension liability		526,595	526,595	
(Decrease) in accounts payable	(85,938)	(790)	(86,728)	
Increase in unearned revenue	3,180	(7,708)	(4,528)	
Net cash (used in) provided by operating activities	<u>\$ (1,023,022)</u>	<u>\$ 363,856</u>	<u>\$ (659,166)</u>	<u>\$ (57)</u>

*Noncash noncapital related financing activities:*

The District received \$100,814 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2023.

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, 2023

**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, 2023

**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, 2023

**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 *Fiduciary Activities*, 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, 2023.

*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 *Fiduciary Activities*, 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, 2023.

*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, 2023

**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.

The District reports the following nonmajor proprietary funds:

*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, 2023

**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 and the federal government 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, 2023 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 Statement No. 84, federal, state, and local grants remain on the budgetary basis and student activities and scholarships recognize revenue upon cash received and expenditures incurred when paid.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

**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, 2023, the District had inventories in the Food Service Enterprise fund of \$30,802, \$10,197 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	2-20
Buildings	40
Buildings 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, 2023

**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, 2023, a liability existed for compensated absences in the government-wide financial statements in the amount of \$4,080,305 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, 2023

**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 included 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, 2023

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

**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, 2023, the District has recorded an unamortized balance of \$415,903 as a deferred outflow of resources and recognized amortization expense of \$87,990.

**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 Statement No. 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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.

- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

Of the \$6,257,934 of fund balances in the General Fund, \$419,983 has been classified as restricted fund balance designated for subsequent years expenditures – prior year excess surplus, \$3,500,160 has been classified as restricted for maintenance reserve and capital reserve in the amounts of \$1,134,510 and \$2,365,650, respectively, \$430,962 has been restricted for excess surplus – current year, \$854,494 is classified as unassigned, \$595,767 is assigned to other purposes, \$166,830 is assigned to unreserved – designated for subsequent year's expenditures, \$289,738 has been classified as restricted for unemployment compensation. The restricted fund balance in the special revenue fund represents reserves for student activities and scholarships in the amounts of \$296,877 and \$114,428, respectively. The unassigned special revenue fund deficit in the amount of \$372,510 represents the preschool aid accounts receivable at June 30, 2023.

**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 \$(4,909,667) to adjust for the full accrual basis expense

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

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.

**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 is effective for the period of five years beginning July 1, 2022 and ending June 30, 2027.

**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, 2023 was \$850,945. Of this amount, \$419,983 has been appropriated in the 2023/24 budget and the remaining \$430,962 is required to be appropriated in the 2024/25 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



Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school districts. Although the Township of Manchester has four active tax abatements/agreements as of June 30, 2023, 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. 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 determined the impact of the Statement on the financial statements and has deemed it immaterial.

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, 2023

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

**U. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2023 through November 30, 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 \$19,198,013 difference are as follows:

Bonds payable	\$	12,690,000
Premium on bonds		761,918
Financed purchases payable		1,570,852
Obligations under leases		117,025
Discount on bonds		(22,087)
Compensated absences		<u>4,080,305</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>19,198,013</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, 2023

**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, 2023

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

Operating cash accounts are held in the District's name by one institution. At June 30, 2023 the carrying amount of the District's deposits was \$9,088,874 and the bank balance was \$11,301,662.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2023 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$8,235,948. \$2,815,714 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, 2023, the District's investment balances of \$16,058 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, 2023:

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

- Solar Renewable Energy Credits in the amount of \$16,058 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 considered a cash equivalent and 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, 2023, the District’s balance was \$1,252,116. 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 Statement No. 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 Statement No. 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.

*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 are less than one year and therefore are considered cash equivalents.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**4. Capital Assets**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2023:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>			
Capital assets, not being depreciated:			
Land	\$ 1,220,818		\$ 1,220,818
Total capital assets, not being depreciated	1,220,818		1,220,818
Capital assets, being depreciated and amortized:			
Buildings and building improvements	80,010,180	\$ 1,202,468	81,212,648
Machinery, equipment and vehicles	23,603,477	648,134	24,251,611
Right-to-use leased equipment	216,853	678,000	894,853
Total capital assets being depreciated and amortized	103,830,510	2,528,602	106,359,112
Less accumulated depreciation and amortization for:			
Buildings and building improvements	41,998,154	2,014,370	44,012,524
Machinery, equipment and vehicles	19,398,716	1,169,752	20,568,468
Right-to-use leased equipment	43,371	43,371	86,742
Total accumulated depreciation and amortization	61,440,241	3,227,493	64,667,734
Total capital assets, being depreciated and amortized, net	42,390,269	(698,891)	41,691,378
Governmental activities capital assets, net	\$ 43,611,087	\$ (698,891)	\$ 42,912,196

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

Instruction	\$ 1,316,495
General administration	1,910,998
Total depreciation and amortization expense - governmental activities	<u>\$ 3,227,493</u>

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2023:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Ending Balance</b>
<b>Business-type Activities:</b>			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 3,363,410	\$ 7,475	\$ 3,370,885
Less accumulated depreciation for:			
Equipment and vehicles	3,244,011	15,670	3,259,681
Total business-type activities capital assets, net	\$ 119,399	\$ (8,195)	\$ 111,204

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, 2023

**5. Long-Term Liabilities**

During the fiscal year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 3,981,741	\$ 337,916	\$ 239,352	\$ 4,080,305	\$ 21,795
Bonds payable	14,910,000		2,220,000	12,690,000	2,200,000
Premium on bonds	900,962		139,044	761,918	139,043
Discount on bonds	(26,736)		(4,649)	(22,087)	(4,649)
Obligations under financed purchase liability	1,458,003	678,000	565,151	1,570,852	563,190
Lease liability	167,883		50,858	117,025	52,819
Subtotal	21,391,853	1,015,916	3,209,756	19,198,013	2,972,198
Net pension liability	12,231,426	3,463,450		15,694,876	
Governmental activity long-term liabilities	<u>\$ 33,623,279</u>	<u>\$ 4,479,366</u>	<u>\$ 3,209,756</u>	<u>\$ 34,892,889</u>	<u>\$ 2,972,198</u>
Business-type activities:					
Net pension liability	\$ 1,614,624	\$ 526,595		\$ 2,141,219	
	<u>\$ 1,614,624</u>	<u>\$ 526,595</u>		<u>\$ 2,141,219</u>	

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, 2023. 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, 2023

**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 \$645,000 to \$750,000 at an annual fixed interest rate of 3.00% as of June 30, 2023.

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 \$455,000 at an annual fixed interest rate of 4.00% as of June 30, 2023.

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

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Year ending June 30:					
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	1,970,000		132,175		2,102,175
2029-2030	2,365,000		120,150		2,485,150
	<u>\$ 12,690,000</u>	<u>\$</u>	<u>1,448,979</u>	<u>\$</u>	<u>14,138,979</u>

See page 112 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 for a right-to-use asset 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%.

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



Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

of June 30, 2023 of \$216,853 with accumulated amortization of \$86,742 is included with equipment on the lease class activities table found below.

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:					
2024	\$ 52,819	\$	3,528	\$	56,347
2025	54,858		1,489		56,347
2026	9,348		44		9,392
	<u>\$ 117,025</u>	<u>\$</u>	<u>5,061</u>	<u>\$</u>	<u>122,086</u>

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

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Year ending June 30:					
2024	\$ 354,244	\$	18,781	\$	373,025
2025	317,899		36,983		354,882
2026	223,192		28,820		252,012
2027	229,550		22,462		252,012
2028	150,860		15,895		166,755
2029-2030	295,107		21,290		316,397
	<u>\$ 1,570,852</u>	<u>\$</u>	<u>144,231</u>	<u>\$</u>	<u>1,715,083</u>

See page 111 for additional information regarding the District's leases. The assets acquired through leases at June 30, 2023 are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery, equipment and vehicles	\$ 4,967,118
Right-to-use-asset (leased equipment)	216,853
Less accumulated amortization	(86,742)
Less accumulated depreciation	<u>(3,417,239)</u>
Total	<u>\$ 1,679,990</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**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 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and

is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

**Public Employees' Retirement System**

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

**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 increased to 7.5% of the employees' annual pensionable 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, 2023, the State of New Jersey contributed \$11,556,624 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 \$2,057,153 during the year ended June 30, 2023 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 \$1,906,232 and \$150,921, 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, 2023, 2022, and 2021 was \$1,637,887, \$1,490,399 and \$1,368,787 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

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

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

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

*Public Employees' Retirement System (PERS)*

At June 30, 2023, the District reported a liability of \$17,836,095 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. 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, 2023, the District's proportion was 0.1181873310 percent, which was an increase of 0.0013084960% from its proportion measured as of June 30, 2022.

*Actuarial Assumptions*

For the year ended June 30, 2023, the District recognized full accrual pension benefit of \$997,373 in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 55,262	\$ 2,670,770
Net difference between projected and actual earnings on pension plan investments	738,220	
Changes in proportion	815,885	287,686
Difference between expected and actual experience	128,733	113,524
District contributions subsequent to the measurement date	1,637,887	
	<u>\$ 3,375,987</u>	<u>\$ 3,071,980</u>

\$1,637,887 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. These contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the net pension liability as follows:

<b>Year ended June 30:</b>	
2024	\$ (1,270,683)
2025	(703,371)
2026	(239,346)
2027	883,483
2028	(3,963)
	<u>\$ (1,333,880)</u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Inflation rate:	<u>June 30, 2022</u>
Price	2.75%
Wage	3.25%
Salary increases	2.75 - 6.55%
	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, 2022) 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, 2023

**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, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022, 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, 2023

**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:

	<b>At 1% Decrease (6.00%)</b>	<b>At Current Discount Rate (7.00%)</b>	<b>At 1% Increase (8.00%)</b>
District's proportionate share of the net pension liability	\$ 22,914,157	\$ 17,836,095	\$ 13,514,459

*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, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	3,236,303,935
Net pension liability	15,219,184,920

District's proportion 0.1181873310%

Collective Pension benefit for the Local Group for the measurement period ended June 30, 2022 is \$(1,032,778,934).

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, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.04, 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, 2023

**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, 2022 was \$112,214,422. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2023, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2174933473% percent, which was a decrease of 0.0027358454% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$3,020,004 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	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, 2023

**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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

*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, 2022) 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real assets	3.00%	7.60%
Real estate	8.00%	11.19%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	100%	

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022 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:

	<b>At 1% Decrease (6.00%)</b>	<b>At Current Discount Rate (7.00%)</b>	<b>At 1% Increase (8.00%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 131,573,794	\$ 112,214,442	\$ 95,906,583

*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, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	19,532,696,776
Net pension liability	51,594,415,806
District's proportion	0.2174933473%

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

Collective pension expense for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

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, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 7.83, 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, 2023

**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 2022 total OPEB liability of \$50,646,462,966 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, 2023, 2022 and 2021 were \$2,403,640, \$2,121,402 and \$2,044,394, 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 Statement No.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**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, 2022 was \$141,380,517. 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](http://state.nj.us/treasury/pensions/financial-reports.shtml).

*Actuarial assumptions and other inputs*

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022 and included in the June 30, 2022 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>
Inflation rate	2.50%	2.50%
Salary Increases:		
Through 2026	1.55 - 4.45%	2.75 - 6.55%
	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"

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

(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, 2021 valuation were based on the results of the actual experience studies for the periods July 1, 2018 – June 30, 2021 and July 1, 2021 – June 30, 2022 for TPAF and PERS, respectively.

*Discount Rate*

The discount rate for June 30, 2022 was 3.54%. 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 6.25% 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 2023 through 2023 are reflected. For PPO the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% after 11 years. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 800% 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, 2022 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.54%)	At Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 166,177,926	\$ 141,380,517	\$ 121,506,634

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 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)	\$ 116,859,639	\$ 141,380,517	\$ 173,590,179

*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, 2023:

Balance at June 30, 2022	\$ 167,355,050
Increased by:	
Service cost	7,147,954
Interest cost	3,746,740
Changes of assumptions	4,649,562
Member contributions	119,059
	<u>183,018,365</u>
Decreased by:	
Changes of assumptions	37,926,592
Benefit payments	3,711,256
	<u>41,637,848</u>
Balance at June 30, 2023	<u><u>\$ 141,380,517</u></u>

*Plan Membership*

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2022</u>
Active Plan Members	165,970
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	126,371
Total Plan Members	<u><u>292,341</u></u>



Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**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, 2022, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$3,623,807 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 20,104,625,333
Deferred inflows of resources	\$ 34,996,842,046
Collective OPEB expense	\$ 1,595,653,562

*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, 2023 amounted to \$478,276 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 342,321	\$ 135,955
Special Revenue Fund		296,797
Food Service Fund	120,565	
Regional Day School Fund	15,390	
Internal Service Fund		45,524
	\$ 478,276	\$ 478,276

The interfund payable in the Internal Service Fund in the amount of \$45,524 represents short-term loans from the General Fund at June 30, 2023. The interfund payable in the Special Revenue Fund in the amount of \$296,797 represents short-term loans from the General Fund at June 30, 2023. The interfund receivable in Food Service Fund in the amount of \$120,565 represents a reimbursement from school nutrition due from General Fund. The interfund receivable in the Regional Day School Fund in the amount of \$15,390 represents a reimbursement of FICA due from General Fund. All interfunds are expected to be liquidated within one year.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**9. Economic Dependency**

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

**10. Contingent Liabilities**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 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 2023 and 2022, The New Jersey Department of Labor has been delayed in issuing unemployment bills to New Jersey governmental units. This was the result of the State verifying the school districts are being properly charged for qualifying claims. The District has received the unemployment bills for the first and second quarters of 2021 within the current year, which were paid prior to June 30, 2023. The third quarter 2021 unemployment bill was received by the District after June 30, 2023, which reduced the liability recorded in the District's financial statement in the general fund. The unemployment bills that were received contained an amount that was forgiven through the American Rescue Plan Act (ARPA). This amount is recorded on the schedule of federal awards and the budgetary comparison schedule as payments made on behalf of the school district. Beginning in the first quarter of 2021, the federal government may forgive up to 75% of the claims incurred. Since the amount of the unemployment bills not yet received is not known, the liability in the District's financial statement general fund balance sheet will represent the unemployment withholdings made by the employees.

**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.

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**11. Risk Management (continued)**

**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.

**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:

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**13. Maintenance Reserve Account (continued)**

Beginning balance, July 1, 2022	\$	1,182,410
Deposit:		
Interest		100
		<u>1,182,510</u>
Withdrawals:		
Approved by June 2023 board resolution		<u>48,000</u>
Ending Balance, June 30, 2023	\$	<u><u>1,134,510</u></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, 2023.

**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 school 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, 2022	\$	2,480,000
Deposit:		
Approved by June 2023 board resolution	\$	750,000
Interest		<u>150</u>
		<u>750,150</u>
		3,230,150
Withdrawals:		
Approved by June 2023 board resolution		<u>864,500</u>
Ending Balance, June 30, 2023	\$	<u><u>2,365,650</u></u>

Manchester Township School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

The June 30, 2023 LRF 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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$	287,038
Deposit:		
Interest		<u>2,700</u>
Ending Balance, June 30, 2023	\$	<u><u>289,738</u></u>

**16. Transfers – Reconciliation**

The following presents a reconciliation of transfers during the 2023 fiscal year:

	<u>In</u>	<u>Out</u>
Special Revenue Fund	\$ 80,844	
General Fund		\$ 80,844
	<u>\$ 80,844</u>	<u>\$ 80,844</u>

The transfer from the general fund to the special revenue fund represents the preschool inclusion children charged to the special revenue fund.

**17. Commitments**

The District has contractual commitments at June 30, 2023 to various vendors, which are recorded in the general fund and special revenue fund in the amount of \$595,767 and \$2,055,865, 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, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
District's proportion of the net pension liability (asset) - Local Group	0.118187331%	0.116878835%	0.114043558%	0.1170960866%	0.1145648379%	0.1145648379%	0.1103678221%	0.1116781800%	0.1036174300%	0.1028722510%
District's proportionate share of the net pension liability (asset)	\$ 17,836,095	\$ 13,846,050	\$ 18,597,522	\$ 21,098,938	\$ 22,557,246	\$ 22,557,246	\$ 25,691,865	\$ 33,075,874	\$ 23,260,037	\$ 19,260,499
District's covered-employee payroll	\$ 9,897,936	\$ 9,022,168	\$ 8,592,199	\$ 8,165,284	\$ 8,219,717	\$ 8,219,717	\$ 7,789,867	\$ 7,371,084	\$ 7,435,341	\$ 6,984,188
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	180.20%	153.47%	216.45%	258.40%	274.43%	274.43%	329.81%	448.72%	312.83%	275.77%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	62.91%	70.33%	58.32%	56.27%	53.60%	53.60%	48.10%	40.14%	47.93%	48.62%

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, 2023	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	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
Contractually required contribution	\$ 1,637,887	\$ 1,490,399	\$ 1,368,787	\$ 1,247,581	\$ 1,139,006	\$ 1,022,440	\$ 992,133	\$ 890,832	\$ 848,064
Contributions in relation to the contractually required contribution	(1,637,887)	(1,490,399)	(1,368,787)	(1,247,581)	(1,139,006)	(1,022,440)	(992,133)	(890,832)	(848,064)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,022,168	\$ 9,022,168	\$ 8,592,199	\$ 8,374,916	\$ 8,165,284	\$ 8,219,717	\$ 7,789,867	\$ 7,371,084	\$ 7,435,341
Contributions as a percentage of covered-employee payroll	18.15%	16.52%	15.93%	14.90%	13.95%	12.44%	12.74%	12.09%	11.41%

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 Nine Fiscal Years\*

	Year Ended June 30, 2023	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	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2174933473%	0.2202291927%	0.2228911690%	0.2273149298%	0.2217197462%	0.2283053466%	0.2331988423%	0.2337903127%	0.2335380145%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 112,214,422	\$ 105,875,600	\$ 146,771,153	\$ 139,505,318	\$ 141,053,340	\$ 153,931,697	\$ 183,449,057	\$ 147,765,461	\$ 124,818,468
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 112,214,422</u>	<u>\$ 105,875,600</u>	<u>\$ 146,771,153</u>	<u>\$ 139,505,318</u>	<u>\$ 141,053,340</u>	<u>\$ 153,931,697</u>	<u>\$ 183,449,057</u>	<u>\$ 147,765,461</u>	<u>\$ 124,818,468</u>
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

\* 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 Six Fiscal Years\*

	Year Ended June 30, 2023	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%	0.28%	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	\$ 141,380,517	\$ 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>\$ 141,380,517</u>	<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	\$ 167,355,050	\$ 190,735,866	\$ 116,413,621	\$ 130,117,964	\$ 151,193,397	\$ 163,661,392
Increased by:						
Service cost	7,147,954	8,319,009	4,641,582	4,604,429	5,187,247	\$ 6,248,357
Interest cost	3,746,740	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	4,649,562		33,878,615		120,250	128,951
Member Contributions	119,059	110,987	100,646	105,930		
	<u>183,018,365</u>	<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	37,926,592				14,931,688	20,138,043
Gross benefit payments	<u>3,711,256</u>	<u>3,419,781</u>	<u>3,320,554</u>	<u>3,573,551</u>	<u>3,479,308</u>	<u>3,501,960</u>
	<u>41,637,848</u>	<u>36,317,286</u>	<u>3,320,554</u>	<u>25,297,734</u>	<u>31,921,759</u>	<u>23,640,003</u>
Ending Balance	<u>\$ 141,380,517</u>	<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	\$ 37,416,002	\$ 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.	377.86%	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, 2023**

**1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

*Benefit Changes*

There were none.

*Changes of Assumptions*

There were none.

**2. TEACHERS PENSION AND ANNUITY FUND**

*Benefit Changes*

There were none.

*Changes of Assumptions*

There were none.

**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 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

Required Supplementary Information – Part III

Budgetary Comparison Schedule  
(Budgetary Basis)

Manchester Township School District  
Required Supplementary Information  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 49,116,199		\$ 49,116,199	\$ 49,116,199	
Tuition	2,519,000		2,519,000	2,525,500	\$ 6,500
Interest income				148,912	148,912
Interest earned on maintenance reserve funds	100		100	100	
Interest earned on capital reserve funds	150		150	150	
Investment income				16,058	16,058
Other restricted miscellaneous revenues				2,700	2,700
Miscellaneous	87,961		87,961	29,762	(58,199)
<b>Total revenues - local sources</b>	<b>51,723,410</b>		<b>51,723,410</b>	<b>51,839,381</b>	<b>115,971</b>
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	783,197		783,197	783,197	
Categorical transportation aid	1,989,096		1,989,096	1,989,096	
Extraordinary Aid	1,430,000		1,430,000	1,531,306	101,306
On-behalf TPAF pension contributions (non-budgeted)				9,149,838	9,149,838
On-behalf TPAF post-retirement medical contributions (non-budgeted)				2,403,640	2,403,640
On-behalf TPAF long-term disability ins contributions (non-budgeted)				3,146	3,146
Reimbursed TPAF social security contributions (non-budgeted)				1,906,232	1,906,232
Other state aid- non public transportation				61,249	61,249
<b>Total - state sources</b>	<b>6,532,033</b>		<b>6,532,033</b>	<b>20,157,444</b>	<b>13,625,411</b>
Federal sources:					
On-behalf federal reimbursed unemployment benefits (non-budgeted)				150,161	150,161
Medical assistance program	97,387		97,387	163,193	65,806
<b>Total - federal sources</b>	<b>97,387</b>		<b>97,387</b>	<b>313,354</b>	<b>215,967</b>
<b>Total revenues</b>	<b>58,352,830</b>	<b>-</b>	<b>58,352,830</b>	<b>72,310,179</b>	<b>13,957,349</b>
<b>Expenditures</b>					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	666,770	(38,872)	627,898	627,898	
Grades 1-5	5,734,301	(447,005)	5,287,296	5,285,603	1,693
Grades 6-8	3,558,562	(136,276)	3,422,286	3,416,853	5,433
Grades 9-12	5,667,123	(266,935)	5,400,188	5,387,301	12,887
	15,626,756	(889,088)	14,737,668	14,717,655	20,013
Home instruction:					
Salaries of teachers	60,000	23,868	83,868	83,868	
Purchased professional educational services	25,000	3,558	28,558	28,387	171
Other purchased services	600		600	173	427
	85,600	27,426	113,026	112,428	598
Undistributed instruction-regular programs:					
Unused vacation payment to terminated/retired staff		42,810	42,810	42,810	
Other purchased services	12,000	(5,800)	6,200	4,911	1,289
General supplies	387,500	9,566	397,066	391,722	5,344
Textbooks	89,795	(1,522)	88,273	88,242	31
Other objects	105,850	(385)	105,465	100,316	5,149
	595,145	44,669	639,814	628,001	11,813
<b>Total instruction - regular programs</b>	<b>16,307,501</b>	<b>(816,993)</b>	<b>15,490,508</b>	<b>15,458,084</b>	<b>32,424</b>

Manchester Township School District  
Required Supplementary Information  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Special education (continued):					
Preschool disabilities - part-time:					
Salaries of teachers	\$ 216,903	\$ 61,275	\$ 278,178	\$ 277,172	\$ 1,006
Other salaries for instruction	201,742	115,885	317,627	317,259	368
General supplies	2,420	17,383	19,803	19,133	670
Other objects	1,350	500	1,850	1,123	727
Total preschool disabilities - part-time	422,415	195,043	617,458	614,687	2,771
Learning and/or language disabilities:					
Salaries of teachers	392,899	509,408	902,307	902,306	1
Other salaries for instruction	2,069,809	(106,580)	1,963,229	1,960,784	2,445
Purchased professional services		962	962	862	100
General supplies	6,320	100	6,420	5,373	1,047
Textbooks	450		450	450	
Total learning and/or language disabilities	2,469,478	403,890	2,873,368	2,869,775	3,593
Visual impairments:					
Purchased professional educational services	30,000	(9,350)	20,650	20,650	
Total visual impairments	30,000	(9,350)	20,650	20,650	
Emotional Regulation Impairment:					
Salaries of teachers	65,000	52,989	117,989	112,108	5,881
Other salaries for instruction		135,125	135,125	135,078	47
General supplies		250	250	250	
Total emotional regulation impairment	65,000	188,364	253,364	247,436	5,928
Multiple disabilities:					
Salaries of teachers	245,385	(42,474)	202,911	202,911	
Other salaries for instruction	237,372	(95,352)	142,020	142,020	
General supplies	3,350		3,350	2,831	519
Other objects	200		200		200
Total multiple disabilities	486,307	(137,826)	348,481	347,762	719
Autism:					
Salaries of teachers	283,664	(29,455)	254,209	252,519	1,690
Other salaries for instruction	239,396	(14,815)	224,581	224,142	439
General supplies	5,200	1,592	6,792	6,563	229
	528,260	(42,678)	485,582	483,224	2,358
Resource room/center:					
Salaries of teachers	3,013,762	(119,140)	2,894,622	2,894,622	
General supplies	9,200		9,200	6,925	2,275
Textbooks	1,400		1,400	900	500
Total resource room/center	3,024,362	(119,140)	2,905,222	2,902,447	2,775
Total special education	7,025,822	478,303	7,504,125	7,485,981	18,144

Manchester Township School District  
Required Supplementary Information  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Bilingual education:					
Salaries of teachers	\$ 186,028	\$ 152,284	\$ 338,312	\$ 338,312	
Other Salaries for Instruction		30,424	30,424	30,424	
General supplies	750		750	750	
Other objects	250		250	250	
Total bilingual education	<u>187,028</u>	<u>182,708</u>	<u>369,736</u>	<u>369,736</u>	
School - sponsored cocurricular activities:					
Salaries	212,500	(11,205)	201,295	201,085	\$ 210
Supplies and materials	3,500		3,500	3,000	500
Other objects	13,200	(1,000)	12,200	10,500	1,700
Total school - sponsored cocurricular activities	<u>229,200</u>	<u>(12,205)</u>	<u>216,995</u>	<u>214,585</u>	<u>2,410</u>
School - sponsored athletics - instruction:					
Salaries	569,000	(575)	568,425	568,425	
Purchased services	13,000	(750)	12,250	12,250	
Supplies and materials	82,000	(4,085)	77,915	77,562	353
Other objects	93,950	(1,690)	92,260	90,864	1,396
Total school - sponsored athletics - instruction	<u>757,950</u>	<u>(7,100)</u>	<u>750,850</u>	<u>749,101</u>	<u>1,749</u>
Other instructional programs:					
Salaries	269,145	29,699	298,844	298,844	
Total other instructional programs	<u>269,145</u>	<u>29,699</u>	<u>298,844</u>	<u>298,844</u>	
Total instruction	<u>24,776,646</u>	<u>(145,588)</u>	<u>24,631,058</u>	<u>24,576,331</u>	<u>54,727</u>

Manchester Township School District  
Required Supplementary Information  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	\$ 180,000	\$ (31,453)	\$ 148,547	\$ 148,547	
Tuition to other LEAs within the state-regular	25,000	117,000	142,000	141,840	\$ 160
Tuition to County Voc. school dist.- Regular	200,000	830,870	1,030,870	1,030,870	
Tuition to CSSD and regional day schools	1,076,900	(1,076,900)			
Tuition to private school for the handicapped - within state	2,130,843	(97,256)	2,033,587	2,033,123	464
Tuition - state facilities	130,000	1,976	131,976	131,976	
Tuition - other	68,481	158,597	227,078	227,078	
Total undistributed instruction-tuition	3,811,224	(97,166)	3,714,058	3,713,434	624
Attendance and social work services:					
Salaries	34,837	400	35,237	35,237	
Other objects	19,500	502	20,002	20,002	
Total attendance and social work service	54,337	902	55,239	55,239	
Health services:					
Salaries	445,566	41,006	486,572	486,572	
Purchased professional and technical services	33,850	(31,386)	2,464	1,334	1,130
Supplies and materials	16,575	(5,862)	10,713	8,573	2,140
Total health services	495,991	3,758	499,749	496,479	3,270
Other support services - students - Speech,OT,PT, & Related Services:					
Salaries	526,802	80,504	607,306	606,959	347
Supplies and materials	3,250	(1,000)	2,250	1,504	746
Total other support services - students - related services	530,052	79,504	609,556	608,463	1,093
Other support services - students - extra services:					
Other salaries for instruction	33,792	8,093	41,885	41,884	1
Purchased professional educational services	11,006	(8,833)	2,173	2,173	
Supplies and materials	3,000	(1,172)	1,828	1,828	
Other objects	450	712	1,162	961	201
Total other support services - students - extra services	48,248	(1,200)	47,048	46,846	202



Manchester Township School District  
Required Supplementary Information  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Guidance:					
Salaries of other professional staff	\$ 877,292	\$ 10,164	\$ 887,456	\$ 887,456	
Salaries of secretarial and clerical assts.	133,736	(2,210)	131,526	131,526	
Other objects	4,250	10,000	14,250	12,445	\$ 1,805
Total guidance	1,015,278	17,954	1,033,232	1,031,427	1,805
Child Study Teams:					
Salaries of other professional staff	1,204,262	38,640	1,242,902	1,241,693	1,209
Salaries of secretarial and clerical assts.	130,928	29,474	160,402	160,402	
Unused vacation payment to terminated/retired staff		50,917	50,917	50,917	
Purchased professional - educational services	251,345	(44,183)	207,162	204,892	2,270
Other purchased services	8,050	1,650	9,700	7,647	2,053
Supplies and materials	4,400	590	4,990	4,614	376
Other objects	34,100	8,399	42,499	39,920	2,579
Total child study teams	1,633,085	85,487	1,718,572	1,710,085	8,487
Improvement of instructional services:					
Salaries of supervisors of instruction	505,947	94,129	600,076	600,076	
Salaries of other professional staff	293,115	(31,960)	261,155	261,122	33
Salaries of secretarial and clerical assts	101,265	(7,816)	93,449	93,197	252
Supplies and materials	20,000	(1,500)	18,500	18,077	423
Other objects	20,500	(3,505)	16,995	15,358	1,637
Total improvement of instructional services	940,827	49,348	990,175	987,830	2,345
Educational media services/ school library:					
Salaries	401,966	(54,263)	347,703	347,703	
Unused vacation payment to terminated/retired staff		18,692	18,692	18,692	
Supplies and materials	27,277	435	27,712	25,287	2,425
Total educational media services/ school library	429,243	(35,136)	394,107	391,682	2,425

Manchester Township School District  
Required Supplementary Information  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional staff training services:					
Salaries of other professional staff	\$ 25,000	\$ 5,791	\$ 30,791	\$ 30,631	\$ 160
Other purchased services	750		750	239	511
Other objects	33,000	5,171	38,171	38,037	134
Total instructional staff training services	58,750	10,962	69,712	68,907	805
Support services-general administration:					
Salaries	215,684	(17,403)	198,281	198,258	23
Legal services	34,000	41,257	75,257	75,257	
Audit fees	61,000	(5,700)	55,300	55,300	
Architectural/engineering services	25,000	(2,600)	22,400	4,072	18,328
Communications/telephone	45,000	(10,088)	34,912	30,698	4,214
BOE other purchased services	33,000	(6,000)	27,000	21,621	5,379
Other purchased services	80,500	(15,079)	65,421	65,421	
BOE membership dues and fees	27,000	24,451	51,451	51,373	78
Miscellaneous expenditures	25,000	(6,181)	18,819	18,291	528
Total support services general administration	546,184	2,657	548,841	520,291	28,550
Support services-school administration:					
Salaries of principals/ assistant principals	1,296,468	(21,673)	1,274,795	1,274,683	112
Salaries of secretarial and clerical assistants	811,095	(11,808)	799,287	799,149	138
Unused vacation payment to terminated/retired staff		77,615	77,615	75,871	1,744
Total support services-school administration	2,107,563	44,134	2,151,697	2,149,703	1,994
Undistributed expenditures-central services:					
Salaries	505,133	(35,475)	469,658	469,487	171
Miscellaneous purchased services	11,000	(5,000)	6,000	5,091	909
Other objects	89,100	29,040	118,140	111,120	7,020
Total undistributed expenditures-central services	605,233	(11,435)	593,798	585,698	8,100
Undistributed expenditures-admin. info tech.:					
Salaries	327,242	(6,351)	320,891	313,391	7,500
Other purchased services	41,100		41,100	40,092	1,008
Supplies and materials	50,000	(30,216)	19,784	19,641	143
Other Objects	14,000	(10,980)	3,020	1,560	1,460
Total undistributed expenditures-admin. info. technology	432,342	(47,547)	384,795	374,684	10,111
Required maintenance for school facilities:					
Salaries	184,220	(15,330)	168,890	168,822	68
Cleaning, repair and maintenance services	526,858	20,755	547,613	537,396	10,217
General supplies	9,000		9,000	7,336	1,664
Total required maintenance for school facilities	720,078	5,425	725,503	713,554	11,949

Manchester Township School District  
Required Supplementary Information  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Operations and maintenance of plant services:					
Custodial Services					
Salaries	\$ 1,494,168	\$ 34,383	\$ 1,528,551	\$ 1,528,551	
Unused vacation payment to retirees		33,069	33,069	33,069	
Cleaning, repair and maintenance services	311,000	20,065	331,065	323,965	\$ 7,100
Other purchased property services	145,000	(9,410)	135,590	130,318	5,272
Insurance	796,396	(145,101)	651,295	650,736	559
General supplies	134,000		134,000	131,811	2,189
Energy (Electricity)	630,000	17,537	647,537	628,246	19,291
Energy (Natural Gas)	125,750	58,609	184,359	183,517	842
Energy (Oil)	13,000	2,568	15,568	13,658	1,910
Other objects	113,900	(10,204)	103,696	93,867	9,829
Total custodial services	3,763,214	1,516	3,764,730	3,717,738	46,992
Care and upkeep of grounds:					
Salaries	245,354	(7,637)	237,717	237,716	1
Unused vacation payment to retirees		1,117	1,117	1,117	
General Supplies	52,270		52,270	51,524	746
Total care and upkeep of grounds	297,624	(6,520)	291,104	290,357	747
Security:					
Salaries	150,869	24,154	175,023	170,335	4,688
Purchased professional and technical services	13,500		13,500	13,500	
Total security	164,369	24,154	188,523	183,835	4,688
Total operation and maintenance of plant services and required maintenance	4,945,285	24,575	4,969,860	4,905,484	64,376
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - regular	1,457,845	(148,158)	1,309,687	1,309,632	55
Between home and school - special	393,626	(30,082)	363,544	363,544	
Other than between home and school-vendors	469,797	12,238	482,035	482,014	21
Unused vacation payment to terminated/retired		10,659	10,659	6,418	4,241
Lease purchase payments-buses	451,425	(80,000)	371,425	371,425	
Contracted services:					
Aid in lieu	120,000	137,344	257,344	257,344	
Special ed. vendors	1,400,000	382,262	1,782,262	1,769,791	12,471
Miscellaneous purchased services	59,500	(34,591)	24,909	24,590	319
General supplies	302,000	6,144	308,144	307,602	542
Transportation supplies	150,000	25,365	175,365	172,016	3,349
Miscellaneous expenditures	49,000	(21,652)	27,348	27,093	255
Total student transportation services	4,853,193	259,529	5,112,722	5,091,469	21,253
Unallocated benefits:					
Social security contributions	890,000	(39,748)	850,252	849,362	890
Other retirement contributions-PERS	1,215,000	78,399	1,293,399	1,293,399	
Health benefits	8,780,000	(239,477)	8,540,523	8,535,230	5,293
Tuition reimbursement	60,000	18,407	78,407	78,405	2
Total unallocated benefits	10,945,000	(182,419)	10,762,581	10,756,396	6,185

Manchester Township School District  
Required Supplementary Information  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
On-behalf TPAF pension contributions (non-budgeted)				\$ 9,149,838	\$ (9,149,838)
On-behalf TPAF post-retirement contributions (non-budgeted)				2,403,640	(2,403,640)
On-behalf TPAF long-term disability ins contributions (non-budgeted)				3,146	(3,146)
Reimbursed TPAF social security contributions (non-budgeted)				1,906,232	(1,906,232)
On-behalf federal reimbursed unemployment benefits (non-budget)				150,161	(150,161)
Interest deposit to maintenance reserve	\$ 100		\$ 100		100
Total undistributed expenditures	<u>33,451,935</u>	<u>\$ 203,907</u>	<u>33,655,842</u>	<u>47,107,134</u>	<u>(13,451,292)</u>
Total expenditures - current	<u>58,228,581</u>	<u>58,319</u>	<u>58,286,900</u>	<u>71,683,465</u>	<u>(13,396,565)</u>
Capital outlay:					
Equipment:					
Undistributed expenditures:					
Support services - students-spec.	2,000	4,500	6,500	6,405	95
Admin Info Tech.	100,000	(63,284)	36,716	36,716	
Non-instructional equipment	5,000	941,810	946,810	376,221	570,589
Non-instructional services	<u>106,507</u>	<u>(106,507)</u>			
Total equipment	<u>213,507</u>	<u>776,519</u>	<u>990,026</u>	<u>419,342</u>	<u>570,684</u>
Facilities acquisition and construction services:					
Assessment for debt service on SDA funding	165,633		165,633	165,633	
Land and improvements		26,525	26,525	26,525	
Total facilities acquisition and construction services	<u>165,633</u>	<u>26,525</u>	<u>192,158</u>	<u>192,158</u>	
Assets acquired under leases (non-budgeted)				<u>678,000</u>	<u>(678,000)</u>
				<u>678,000</u>	<u>(678,000)</u>
Interest deposit to capital reserve	150		150		150
Total expenditures - capital outlay	<u>379,290</u>	<u>803,044</u>	<u>1,182,334</u>	<u>1,289,500</u>	<u>(107,166)</u>

Manchester Township School District  
Required Supplementary Information  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Total expenditures	\$ 58,607,871	\$ 861,363	\$ 59,469,234	\$ 72,972,965	\$ (13,503,731)
(Deficiency) of revenues (under) expenditures	(255,041)	(861,363)	(1,116,404)	(662,786)	453,618
Other financing sources:					
Transfers out		(80,844)	(80,844)	(80,844)	
Leases (non-budgeted)				678,000	678,000
Total other financing sources	-	(80,844)	(80,844)	597,156	678,000
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(255,041)	(942,207)	(1,197,248)	(65,630)	1,131,618
Fund balances, July 1	6,806,881		6,806,881	6,806,881	
Fund balances, June 30	\$ 6,551,840	\$ (942,207)	\$ 5,609,633	\$ 6,741,251	\$ 1,131,618
<b>Recapitulation of (deficiency) excess of revenues (under) over expenditures</b>					
Budgeted fund balance	\$ (255,041)		\$ (255,041)	\$ 876,577	\$ 1,131,618
Withdrawal capital reserve		\$ (864,500)	(864,500)	(864,500)	
Withdrawal maintenance reserve		(48,000)	(48,000)	(48,000)	
Adjustment for prior year encumbrances		(29,707)	(29,707)	(29,707)	
Total	\$ (255,041)	\$ (942,207)	\$ (1,197,248)	\$ (65,630)	\$ 1,131,618
Recapitulation of fund balance:					
Restricted for:					
Excess surplus-current year				\$ 430,962	
Designated for subsequent years expenditures - prior year excess surplus				419,983	
Unemployment liability reserve				289,738	
Maintenance reserve				1,134,510	
Capital reserve				2,365,650	
Assigned to:					
Year end encumbrances				595,767	
Unreserved - designated for subsequent year's expenditures				166,830	
Unassigned fund balance				1,337,811	
				6,741,251	
Reconciliation to Governmental Funds Statements					
GAAP:					
Last two state aid payments not recognized on GAAP basis				(483,317)	
Fund balance per governmental Funds (GAAP)				\$ 6,257,934	

Manchester Township School District  
Special Revenue Fund  
Required Supplementary Information  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 1,235,475	\$ 5,148,213	\$ 6,383,688	\$ 5,287,064	\$ (1,096,624)
State sources	6,660	3,469,719	3,476,379	3,245,173	(231,206)
Local sources	261,000	6,204	267,204	549,262	282,058
Total revenues	<u>1,503,135</u>	<u>8,624,136</u>	<u>10,127,271</u>	<u>9,081,499</u>	<u>(1,045,772)</u>
<b>Expenditures:</b>					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	199,470	1,616,023	1,815,493	1,437,515	377,978
Other salaries for instruction	110,075	353,304	463,379	456,877	6,502
Tuition	633,324	140,688	774,012	774,012	
Purchased professional services	16,000	(314)	15,686	8,000	7,686
Other purchased services		192,900	192,900	192,900	
Supplies and materials	90,951	703,546	794,497	647,750	146,747
Other Objects		2,200	2,200		2,200
Total instruction	<u>1,049,820</u>	<u>3,008,347</u>	<u>4,058,167</u>	<u>3,517,054</u>	<u>541,113</u>
Support services:					
Salaries - professional staff	2,923	975,711	978,634	657,370	321,264
Personal services-employee benefits	97,241	1,138,168	1,235,409	1,022,071	213,338
Purchased professional services	2,120	330,997	333,117	255,452	77,665
Other purchased services	85,672	(74,904)	10,768	8,602	2,166
Travel		2,500	2,500	538	1,962
General supplies	4,359	269,288	273,647	255,112	18,535
Cleaning, repair and maintenance		229,640	229,640	223,281	6,359
Rentals		69,300	69,300	58,320	10,980
Contract services - transportation		3,500	3,500	905	2,595
Custodial services		7,876	7,876	7,876	
Other objects		16,888	16,888	14,230	2,658
Scholarships awarded	11,000		11,000	13,000	(2,000) Note 1
Student activities	250,000		250,000	466,620	(216,620) Note 1
Total support services	<u>453,315</u>	<u>2,968,964</u>	<u>3,422,279</u>	<u>2,983,377</u>	<u>438,902</u>
Capital Outlay:					
Facilities acquisition and construction services:					
Instructional equipment		668,565	668,565	640,220	28,345
Non instructional equipment		1,978,260	1,978,260	1,976,243	2,017
Total capital outlay	<u>-</u>	<u>2,646,825</u>	<u>2,646,825</u>	<u>2,616,463</u>	<u>30,362</u>
Total expenditures	<u>1,503,135</u>	<u>8,624,136</u>	<u>10,127,271</u>	<u>9,116,894</u>	<u>1,010,377</u>
Other Financing Sources					
Transfer In				80,844	80,844
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,844</u>	<u>80,844</u>
Excess of revenues (over) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,449</u>	<u>45,449</u>
Fund Balance, July 1				<u>365,856</u>	
Fund Balance, June 30				<u>\$ 411,305</u>	
Recapitulation:					
Restricted:					
Scholarships			\$ 114,428		
Student activities			296,877		
Total Fund Balance			<u>411,305</u>		

Note 1 - Not required to budget for these funds.

Reconciliation to Governmental Funds Statements GAAP:

Last two state aid payments not recognized on GAAP basis

Fund balance per Governmental Funds (GAAP) (B-1)

(372,510)

\$ 38,795

Note to Required Supplementary Information

Manchester Township School District  
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2023

	General Fund	Special Revenue Fund
Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures		
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 72,310,179	\$ 9,081,499
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		(2,055,865)
Prior year, net of cancellations		744,751
State aid payments recognized for GAAP statements in the current year, not previously recognized	(483,317)	(372,510)
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).	475,585	
Prior year adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accrual basis.	(17,390)	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	\$ 72,285,057	\$ 7,397,875
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 72,972,965	\$ 9,116,894
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		(2,055,865)
Prior year, net of cancellations		744,751
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 72,972,965	\$ 7,805,780



## 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, 2023

	Preschool Education Aid	SDA Emergent Needs and Capital Maintenance	Climate Change	I.D.E.A.			Title I Part A	Title II Part A	Title III Part D	Compensatory Special Education and Related Services (ACSERS)	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		Totals
				Part B Regular	ARP Basic Regular	Part B Preschool							Grant Program	Totals	
<b>Revenues:</b>															
Federal sources				\$ 850,163	\$ 22,224	\$ 36,768	\$ 678,848	\$ 154,627	\$ 11,535	\$ 88,824	\$ 3,276,030	\$ 88,954	\$ 16,693	\$ 5,224,666	
State sources	\$ 3,143,303	\$ 95,210	\$ 6,660											\$ 3,245,173	
Local sources															
<b>Total revenues</b>	<b>\$ 3,143,303</b>	<b>\$ 95,210</b>	<b>\$ 6,660</b>	<b>\$ 850,163</b>	<b>\$ 22,224</b>	<b>\$ 36,768</b>	<b>\$ 678,848</b>	<b>\$ 154,627</b>	<b>\$ 11,535</b>	<b>\$ 88,824</b>	<b>\$ 3,276,030</b>	<b>\$ 88,954</b>	<b>\$ 16,693</b>	<b>\$ 8,469,839</b>	
<b>Expenditures:</b>															
<b>Current expenditures:</b>															
<b>Instruction:</b>															
<b>Salaries:</b>															
Salaries of teachers	\$ 605,258			\$ 69,604	\$ 12,000		\$ 295,000	\$ 16,000	\$ 1,716		\$ 381,621	\$ 42,904	\$ 3,552	\$ 1,427,655	
Other salaries for instruction	297,288						159,589							456,877	
Tuition				737,244		\$ 36,768								774,012	
Purchased professional services							8,000							8,000	
Other purchased services	104,076									\$ 88,824				192,900	
Supplies and materials	196,421		\$ 5,769				19,507		6,128		395,150	582		623,557	
<b>Total instruction</b>	<b>1,203,043</b>	<b>-</b>	<b>5,769</b>	<b>806,848</b>	<b>12,000</b>	<b>36,768</b>	<b>482,096</b>	<b>16,000</b>	<b>7,844</b>	<b>88,824</b>	<b>776,771</b>	<b>43,486</b>	<b>3,552</b>	<b>3,483,001</b>	
<b>Support services:</b>															
Salaries - professional staff	630,274						16,874		624		7,540	806	160	656,278	
Personal services - employee benefits	456,534			43,315	10,224		164,835	8,213	175		326,096	6,360	5,481	1,021,233	
Purchased professional services							8,750	130,414			64,744		7,500	211,408	
Other purchased services							413		1,625					2,038	
Travel	538													538	
General supplies	107,253		891				5,880		1,267		101,519	38,302		255,112	
Cleaning, repair and maintenance	128,071	\$ 95,210												223,281	
Rentals	58,320													58,320	
Contract services - transportation	905													905	
Custodial services	7,876													7,876	
Other objects	14,230													14,230	
Scholarships awarded														-	
Student activities														-	
<b>Total support services</b>	<b>1,404,001</b>	<b>95,210</b>	<b>891</b>	<b>43,315</b>	<b>10,224</b>		<b>196,752</b>	<b>138,627</b>	<b>3,691</b>	<b>-</b>	<b>499,899</b>	<b>45,468</b>	<b>13,141</b>	<b>2,451,219</b>	
<b>Capital outlay:</b>															
<b>Facilities acquisition and construction services:</b>															
Instructional equipment	15,052										625,168			640,220	
Non instructional equipment	602,051										1,374,192			1,976,243	
<b>Total facilities acquisition and construction services</b>	<b>617,103</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,999,360</b>	<b>-</b>	<b>-</b>	<b>2,616,463</b>	
<b>Total expenditures</b>	<b>\$ 3,224,147</b>	<b>\$ 95,210</b>	<b>\$ 6,660</b>	<b>\$ 850,163</b>	<b>\$ 22,224</b>	<b>\$ 36,768</b>	<b>\$ 678,848</b>	<b>\$ 154,627</b>	<b>\$ 11,535</b>	<b>\$ 88,824</b>	<b>\$ 3,276,030</b>	<b>\$ 88,954</b>	<b>\$ 16,693</b>	<b>\$ 8,550,683</b>	
(Deficiency) of revenues (under) expenditures	(80,844)	-	-	-	-	-	-	-	-	-	-	-	-	(80,844)	
<b>Other financing sources</b>															
Transfers in	80,844													80,844	
<b>Total other financing sources</b>	<b>80,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,844</b>	
<b>Fund Balance, June 30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Manchester Township School District  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures – Budgetary Basis

Year ended June 30, 2023

	Leraning Coaching and Educator Support ARP ESSER	Summer Learning and Enrichment Activities ARP ESSER	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Mental Health	Comprehensive Beyond the School Day Activities Grant ARP ESSER	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) ARP Mental Health Grant Program	NJSIG Security Grant	Other Local Grants	Scholarship Fund	Student Activity Fund	Totals
<b>Revenues:</b>										
Federal sources	\$ 1,176	\$ 9,860	\$ 9,917	\$ 754	\$ 40,691					\$ 5,287,064
State sources										3,245,173
Local sources						\$ 22,741	\$ 1,452	\$ 2,347	\$ 522,722	549,262
<b>Total revenues</b>	<b>\$ 1,176</b>	<b>\$ 9,860</b>	<b>\$ 9,917</b>	<b>\$ 754</b>	<b>\$ 40,691</b>	<b>\$ 22,741</b>	<b>\$ 1,452</b>	<b>\$ 2,347</b>	<b>\$ 522,722</b>	<b>\$ 9,081,499</b>
<b>Expenditures:</b>										
<b>Current expenditures:</b>										
<b>Instruction:</b>										
<b>Salaries:</b>										
Salaries of teachers		\$ 9,860								\$ 1,437,515
Other salaries for instruction										456,877
Tuition										774,012
Purchased professional services										8,000
Other purchased services										192,900
Supplies and materials						\$ 22,741	\$ 1,452			647,750
<b>Total instruction</b>	<b>-</b>	<b>9,860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,741</b>	<b>1,452</b>	<b>-</b>	<b>-</b>	<b>3,517,054</b>
<b>Support services:</b>										
Salaries - professional staff	\$ 1,092									657,370
Personal services - employee benefits	84			\$ 754						1,022,071
Purchased professional services			\$ 8,587		\$ 35,457					255,452
Other purchased services			1,330		5,234					8,602
Travel										538
General supplies										255,112
Cleaning, repair and maintenance										223,281
Rentals										58,320
Contract services - transportation										905
Custodial services										7,876
Other objects										14,230
Scholarships Awarded								\$ 13,000		13,000
Student Activities									\$ 466,620	466,620
<b>Total support services</b>	<b>1,176</b>	<b>-</b>	<b>9,917</b>	<b>754</b>	<b>40,691</b>	<b>-</b>	<b>-</b>	<b>13,000</b>	<b>466,620</b>	<b>2,983,377</b>
<b>Capital outlay:</b>										
Facilities acquisition and construction services:										
Instructional equipment										640,220
Non instructional equipment										1,976,243
<b>Total facilities acquisition and construction services</b>										<b>2,616,463</b>
<b>Total expenditures</b>	<b>\$ 1,176</b>	<b>\$ 9,860</b>	<b>\$ 9,917</b>	<b>\$ 754</b>	<b>\$ 40,691</b>	<b>\$ 22,741</b>	<b>\$ 1,452</b>	<b>\$ 13,000</b>	<b>\$ 466,620</b>	<b>\$ 9,116,894</b>
(Deficiency) excess of revenues (under) over expenditures	-	-	-	-	-	-	-	(10,653)	56,102	(35,395)
<b>Other financing sources</b>										
Transfers in										80,844
<b>Total other financing sources</b>										<b>80,844</b>
<b>Fund Balance, July 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,081</b>	<b>240,775</b>	<b>365,856</b>
<b>Fund Balance, June 30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 114,428</b>	<b>\$ 296,877</b>	<b>\$ 411,305</b>

Manchester Township School District  
Special Revenue Fund

Preschool Education Aid Expenditures

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Instruction:					
Salaries of teachers	\$ -	\$ 620,545	\$ 620,545	\$ 605,258	\$ 15,287
Other salaries for instruction		303,790	303,790	297,288	6,502
Other purchased services		104,076	104,076	104,076	
General supplies		206,917	206,917	196,421	10,496
Other objects		2,200	2,200		2,200
<b>Total instruction</b>		<b>1,237,528</b>	<b>1,237,528</b>	<b>1,203,043</b>	<b>34,485</b>
Support services:					
Salaries - professional staff		677,234	677,234	630,274	46,960
Personal services - employee benefits		456,759	456,759	456,534	225
Travel		2,500	2,500	538	1,962
General supplies		126,653	126,653	107,253	19,400
Cleaning, repair and maintenace		134,430	134,430	128,071	6,359
Rentals		69,300	69,300	58,320	10,980
Contract services - transportation		3,500	3,500	905	2,595
Custodial services		7,876	7,876	7,876	
Other objects		16,888	16,888	14,230	2,658
<b>Total support services</b>		<b>1,495,140</b>	<b>1,495,140</b>	<b>1,404,001</b>	<b>91,139</b>
Facilities acquisition and constr. services:					
Instructional equipment		15,100	15,100	15,052	48
Non-instructional equipment		604,000	604,000	602,051	1,949
<b>Total facilities acquisition and constr. services</b>		<b>619,100</b>	<b>619,100</b>	<b>617,103</b>	<b>1,997</b>
<b>Total expenditures</b>		<b>3,351,768</b>	<b>3,351,768</b>	<b>3,224,147</b>	<b>127,621</b>
<b>Total outflows</b>	<b>\$ -</b>	<b>\$ 3,351,768</b>	<b>\$ 3,351,768</b>	<b>\$ 3,224,147</b>	<b>\$ 127,621</b>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2022-2023 PEA Allocation	\$ 3,270,924
Add: Budgeted Transfer from General Fund	80,844
<b>Total Funds Available for 2022-2023 Budget</b>	<b>3,351,768</b>
Less: 2022-2023 Budgeted PEA (Including prior year budgeted carryover)	(3,351,768)
<b>Available &amp; Unbudgeted PEA Funds as of June 30, 2023</b>	<b>127,621</b>
Add: June 30, 2023 Unexpended PEA	127,621
2022-2023 Actual Carryover - PEA	\$ 127,621
<b>2022-2023 PEA Carryover Budgeted in 2023-24</b>	<b>\$ -</b>

## Internal Service Funds

Manchester Township School District  
Internal Service Funds

Combining Statement of Net Position

June 30, 2023

	<b>SAT Prep Fund</b>	<b>Transportation Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,114		\$ 1,114
Other receivables		\$ 119,011	119,011
Total current assets	\$ 1,114	\$ 119,011	\$ 120,125
<b>LIABILITIES</b>			
Current liabilities:			
Interfund payable		45,524	45,524
Total current liabilities	-	45,524	45,524
<b>NET POSITION</b>			
Unrestricted	1,114	73,487	74,601
Total net position	\$ 1,114	\$ 73,487	\$ 74,601

Manchester Township School District  
Internal Service Funds

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

Year Ended June 30, 2023

	<u>SAT Prep Fund</u>	<u>Transportation Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Services provided to other funds	\$ 1,520	\$ 426,974	\$ 428,494
Total operating revenues	<u>1,520</u>	<u>426,974</u>	<u>428,494</u>
 Operating expenses:			
Salaries	1,540	86,780	88,320
Employee benefits		46,500	46,500
Purchased professional services		241,194	241,194
Supplies and materials	<u>37</u>	<u>52,500</u>	<u>52,537</u>
Total operating expenses	<u>1,577</u>	<u>426,974</u>	<u>428,551</u>
Operating income	(57)		(57)
 Change in net position	<u>(57)</u>		<u>(57)</u>
Total net position—beginning	1,171	73,487	74,658
Total net position—ending	<u>\$ 1,114</u>	<u>\$ 73,487</u>	<u>\$ 74,601</u>



Manchester Township School District  
Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2023

	<u>SAT Prep Fund</u>	<u>Transportation Fund</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,520	\$ 426,974	\$ 428,494
Payments to employees	(1,540)	(86,780)	(88,320)
Payments for employee benefits		(46,500)	(46,500)
Payments to suppliers	(37)	(293,694)	(293,731)
Net cash (used in) operating activities	<u>(57)</u>	<u>-</u>	<u>(57)</u>
Net decrease in cash and cash equivalents	(57)		(57)
Balances—beginning of year	1,171		1,171
Balances—end of year	<u>\$ 1,114</u>	<u>\$ -</u>	<u>\$ 1,114</u>
<b>Reconciliation of operating income to net cash (used in) operating activities:</b>			
Operating (loss)	\$ (57)	\$ -	\$ (57)
Net cash (used in) operating activities	<u>\$ (57)</u>	<u>\$ -</u>	<u>\$ (57)</u>

Long-Term Debt

Manchester Township School District  
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2022	Retired	Balance June 30, 2023
			Date	Amount				
Refunding Bonds	3/28/2012	\$ 13,525,000	7/15/23	\$ 1,100,000	5.000 %	\$ 5,795,000	\$ 1,095,000	\$ 4,700,000
			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	3/15/24	645,000	3.000	5,455,000	620,000	4,835,000
			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	3/1/24	455,000	4.000	3,660,000	505,000	3,155,000
			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			
						\$ 14,910,000	\$ 2,220,000	\$ 12,690,000

Manchester Township School District  
Long-Term Debt

Schedule of Financed Purchases Payable and Obligations Under Leases

Year Ended June 30, 2023

	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2022	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2023
<u>Financed Purchases Payable</u>						
School buses and equipment	1.71%	\$ 557,250	\$ 35,581		\$ 35,581	
Bus and camera system	1.94%	725,000	97,379		97,379	
Buses and textbooks	1.99%	845,000	296,724		96,966	\$ 199,758
Technology, textbooks and bus	2.19%	1,150,000	486,277		119,351	366,926
Textbooks and buses	1.65%	809,500	542,042		131,222	410,820
Buses and maintenance vehicle	4.22%	678,000		\$ 678,000	84,652	593,348
			<u>1,458,003</u>	<u>678,000</u>	<u>565,151</u>	<u>1,570,852</u>
<u>Obligations Under Leases</u>						
Copier leases	Various	216,853	<u>167,883</u>		<u>50,858</u>	<u>117,025</u>
Total			<u>\$ 1,625,886</u>	<u>\$ 678,000</u>	<u>\$ 616,009</u>	<u>\$ 1,687,877</u>

Manchester Township School District  
Debt Service Fund

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

Year ended June 30, 2023

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Revenues:					
Local tax levy	\$ 2,379,478		\$ 2,379,478	\$ 2,379,478	
State sources:					
Debt Service Aid	171,561		171,561	171,561	
Total revenues	<u>2,551,039</u>	-	<u>2,551,039</u>	<u>2,551,039</u>	\$ -
Expenditures:					
Principal on bonds	2,220,000		2,220,000	2,220,000	
Interest on bonds	496,131		496,131	496,131	
Total expenditures	<u>2,716,131</u>	-	<u>2,716,131</u>	<u>2,716,131</u>	-
(Deficiency) of revenues (under) expenditures	<u>(165,092)</u>		<u>(165,092)</u>	<u>(165,092)</u>	-
Fund balance, July 1	165,301	-	165,301	165,301	
Fund balance, June 30	<u>\$ 209</u>	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 209</u>	<u>\$ -</u>

Statistical Section

**Statistical Section**  
**Unaudited**

**Contents**

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report (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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
							(Restated)			
<b>Governmental activities</b>										
Net investment in capital assets	\$ 16,519,291	\$ 17,067,636	\$ 18,617,647	\$ 23,070,376	\$ 23,505,093	\$ 24,092,836	\$ 23,760,798	\$ 25,564,664	\$ 26,872,751	\$ 28,210,392
Restricted	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	5,052,148
Unrestricted (deficit)	(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)	(19,884,292)
<b>Total governmental activities net position</b>	<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>	<u>\$ 13,378,248</u>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 354,499	\$ 303,085	\$ 245,981	\$ 192,917	\$ 166,982	\$ 144,839	\$ 103,129	\$ 105,439	\$ 119,399	\$ 111,204
Unrestricted (deficit)	221,059	(2,043,632)	(2,678,384)	(3,231,931)	(3,532,016)	(2,244,929)	(1,826,618)	(765,342)	991,276	2,473,752
<b>Total business-type activities net position</b>	<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>	<u>\$ 2,584,956</u>
<b>District-wide</b>										
Net investment in capital assets	\$ 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	\$ 28,321,596
Restricted	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	5,052,148
Unrestricted (deficit)	(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)	(17,410,540)
<b>Total district net position</b>	<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>	<u>\$ 15,963,204</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

	2014	2015	2016	2017	Year Ended June 30, 2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities										
Instruction	\$ 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	\$ 44,419,460
Support Services:										
Attendance and social work	59,051	69,405	76,771	77,840	73,762	74,326	71,665	79,204	71,159	71,989
Health services	405,372	420,468	433,965	457,646	477,856	523,308	501,037	503,313	465,731	496,479
Other support services	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	8,047,316
Improvement of instruction	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	1,461,678
Other support instructional staff	84,119	152,661	43,587	33,877	72,914	73,105	76,072	93,578	138,088	83,678
School library	662,340	649,888	666,302	776,286	777,082	632,419	636,861	745,561	635,481	556,962
General administration	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	2,696,116
School administration	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	4,501,019
Required maintenance of plant	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	950,050
Operation of plant	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	4,446,129
Student transportation	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	6,584,911
Interest on long-term debt	1,025,175	988,251	1,106,501	956,630	893,322	815,239	795,657	580,500	488,515	409,895
Total governmental activities expenses	56,021,467	62,743,726	68,008,323	74,424,392	80,203,891	74,219,853	71,560,890	79,042,596	73,045,768	74,725,681
Business-type activities:										
Food service	1,370,914	1,349,835	1,318,449	1,353,564	1,352,051	1,350,444	983,659	1,186,566	1,853,739	1,810,725
Regional Day School	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	6,052,569
Total business-type activities expense	7,348,771	7,452,749	7,271,421	7,472,950	7,377,472	7,330,831	6,861,122	6,574,658	7,201,632	7,863,294
Total district expenses	\$ 63,370,238	\$ 70,196,475	\$ 75,279,744	\$ 81,897,342	\$ 87,581,363	\$ 81,550,684	\$ 78,422,012	\$ 85,617,254	\$ 80,223,132	\$ 82,588,975
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 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	\$ 2,525,500
Other support services								239,782	433,966	522,722
Pupil transportation	262,741	287,230	381,561	376,660	430,144	485,574	295,332	302,098	495,602	428,494
Operating grants and contributions	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	6,875,153
Capital grants and contributions		576,678	3,816,710	1,033,015	212,035	3,097				
Total governmental activities program revenues	3,633,654	4,199,354	7,651,726	5,111,495	4,543,956	4,524,322	4,101,926	5,645,159	5,587,012	10,351,869
Business-type activities:										
Charges for services										
Food service	772,900	750,700	738,033	731,712	752,912	780,803	441,092	184,485	406,434	810,440
Regional Day School	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	7,098,523
Operating grants and contributions	755,818	774,004	771,717	781,410	778,418	751,314	682,156	1,452,766	2,087,052	1,428,612
Total business type activities program revenues	7,206,547	7,353,495	6,579,565	6,866,339	7,051,452	8,565,085	7,237,723	7,638,244	8,972,210	9,337,575
Total district program revenues	\$ 10,840,201	\$ 11,552,849	\$ 14,231,291	\$ 11,977,834	\$ 11,595,408	\$ 13,089,407	\$ 11,339,649	\$ 13,283,403	\$ 14,559,222	\$ 19,689,444
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (64,373,812)
Business-type activities	(142,224)	(99,254)	(691,856)	(606,611)	(326,020)	1,234,254	376,601	1,063,586	1,770,578	1,474,281
Total district-wide net expense	\$ (52,530,037)	\$ (58,643,626)	\$ (61,048,453)	\$ (69,919,508)	\$ (75,985,957)	\$ (68,461,277)	\$ (67,082,363)	\$ (72,333,851)	\$ (65,688,178)	\$ (62,899,531)

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

(accrual basis of accounting)  
Unaudited

	2014		2015		2016		2017		Year Ended June 30,		2018		2019		2020		2021		2022		2023	
<b>General Revenues and Other Changes in Net Position</b>																						
Governmental activities:																						
Property taxes levied for general purposes	\$	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	\$	49,116,199		
Property taxes levied for debt service		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		2,379,478		
Unrestricted grants and contributions		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		15,724,960		
Interest and investment earnings - unrestricted		1,152		1,620		46,900		37,809		46,614		33,678		61,239		34,352		45,213		149,162		
Interest and investment earnings - restricted															108		471		2,700			
Miscellaneous income		119,595		148,709		97,590		60,622		119,928		89,249		101,893		81,523		80,552		28,430		
Total governmental activities		<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>		<u>67,400,929</u>		
Business-type activities:																						
Investment earnings and miscellaneous revenue																						
Miscellaneous income															30,690							
Total business-type activities															<u>30,690</u>							
Total district-wide		<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>		<u>\$ 67,400,929</u>		
<b>Change in Net Position</b>																						
Governmental activities	\$	241,765	\$	991,419	\$	3,330,048	\$	263,938	\$	(1,258,232)	\$	2,585,034	\$	(5,367,590)	\$	9,172,543	\$	3,545,980	\$	3,027,117		
Business-type activities		(142,224)		(99,254)		(691,856)		(606,611)		(326,020)		407,291		1,063,586		1,770,578		1,770,578		1,474,281		
Total district	\$	<u>99,541</u>	\$	<u>892,165</u>	\$	<u>2,638,192</u>	\$	<u>(342,673)</u>	\$	<u>(1,584,252)</u>	\$	<u>2,992,325</u>	\$	<u>(4,304,004)</u>	\$	<u>10,943,121</u>	\$	<u>5,316,558</u>	\$	<u>4,501,398</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

	2014	2015	2016	2017	Year Ended June 30,		2020	2021	2022	2023
					2018	2019	(Restated)			
General Fund										
Restricted for	\$ 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	\$ 4,640,843
Assigned to	577,463	51,503	260,350	8,644	143,849	109,863	51,764	64,230	29,103	762,597
Unassigned	644,242	597,485	504,276	701,709	851,425	1,014,890	1,247,015	2,863,343	1,695,111	854,494
Total general fund	<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>	<u>\$ 6,257,934</u>
All Other Governmental Funds										
Restricted for:										
Capital projects fund	\$ 484,060	\$ 9,096,410	\$ 2,568,136	\$ 876,863	\$ 529,511	\$ 406,985	\$ 379,554			
Debt service fund		116,620	364,565	3,483	910	103,505	114,655	\$ 176,802	\$ 165,301	\$ 209
Special revenue fund:										
Scholarships							147,374	137,256	125,081	114,428
Student activities							235,211	203,155	240,775	296,877
Unassigned										(372,510)
Total all other governmental funds	<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>	<u>\$ 39,004</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									
	2014	2015	2016	2017	Year ended June 30,		2020	2021	2022	2023
					2018	2019				
<b>Revenues</b>										
Tax levy	\$ 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	\$ 51,495,677
Tuition charges	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	2,525,500
Interest earnings	1,152	1,620	10,850	13,962	46,614	672	32,967	11,304	22,464	149,162
Investment Income			36,050	23,847		33,006	28,272	23,048	22,749	2,700
Miscellaneous	139,974	139,424	188,739	69,949	166,451	171,149	162,194	331,404	582,078	577,692
Other restricted miscellaneous revenues								108	471	
State sources	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	22,564,889
Federal sources	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	4,918,351
<b>Total revenue</b>	<b>55,988,445</b>	<b>57,952,753</b>	<b>63,886,367</b>	<b>63,096,012</b>	<b>64,471,977</b>	<b>66,969,065</b>	<b>68,082,249</b>	<b>72,837,307</b>	<b>76,213,229</b>	<b>82,233,971</b>
<b>Expenditures</b>										
Instruction										
Regular and special education instruction	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	31,754,377
Support Services:										
Attendance and social work	42,996	45,198	46,757	44,595	42,023	47,471	48,543	50,295	52,396	55,239
Health services	405,372	420,468	433,965	457,646	477,856	523,308	501,037	503,313	465,731	496,479
Other support services	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	6,342,641
Improvement of instruction	770,009	730,633	829,877	862,762	873,009	894,789	896,457	922,781	994,886	987,830
School library	462,567	402,797	383,963	421,014	393,069	354,167	378,452	404,552	416,708	391,682
Instructional staff training	81,713	148,707	38,948	32,096	72,676	65,054	67,899	68,719	124,963	68,907
General administration	562,681	594,733	433,467	513,481	536,155	615,012	566,092	527,992	598,135	520,291
School administration	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	2,149,703
Central services	498,932	488,253	549,135	596,680	591,464	583,511	558,587	565,258	606,720	585,698
Information technology	329,395	269,605	244,824	456,848	363,760	318,159	380,781	467,533	490,580	374,684
Required maintenance of plant	866,329	1,176,131	1,045,440	727,338	995,044	946,061	1,158,528	911,475	1,328,303	713,554
Operation of plant	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	4,191,930
Student transportation	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	5,091,469
Business and other support services and benefits	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	24,369,413
Capital outlay	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	1,320,000	2,002,983	2,580,369	2,430,000	2,075,000	2,150,000	2,185,000	2,180,000	2,205,000	2,220,000
Interest and other charges	912,069	902,375	1,151,590	982,582	908,105	838,856	749,116	651,719	574,206	496,131
<b>Total expenditures</b>	<b>56,565,157</b>	<b>59,718,168</b>	<b>70,196,951</b>	<b>64,930,019</b>	<b>65,829,760</b>	<b>66,655,644</b>	<b>67,593,447</b>	<b>72,038,567</b>	<b>76,935,535</b>	<b>83,494,876</b>
Excess (Deficiency) of revenues over (under) expenditures	(576,712)	(1,765,415)	(6,310,584)	(1,834,007)	(1,357,783)	313,421	488,802	798,740	(722,306)	(1,260,905)
<b>Other Financing sources (uses)</b>										
Financed purchases payable (non-budgeted)	761,521	826,000	725,000		845,000		1,150,000	809,500		678,000
Obligations under leases									216,853	
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)		
<b>Total other financing sources (uses)</b>	<b>761,521</b>	<b>10,431,000</b>	<b>725,000</b>	<b>-</b>	<b>845,000</b>	<b>-</b>	<b>1,250,777</b>	<b>809,500</b>	<b>216,853</b>	<b>678,000</b>
<b>Net change in fund balances</b>	<b>\$ 184,809</b>	<b>\$ 8,665,585</b>	<b>\$ (5,585,584)</b>	<b>\$ (1,834,007)</b>	<b>\$ (512,783)</b>	<b>\$ 313,421</b>	<b>\$ 1,739,579</b>	<b>\$ 1,608,240</b>	<b>\$ (505,453)</b>	<b>\$ (582,905)</b>
Debt service as a percentage of noncapital expenditures	4.1%	5.1%	6.4%	5.5%	4.7%	4.5%	4.4%	4.1%	3.7%	3.4%

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. 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
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
2023		15,300	7,381	5,749	28,430

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	Communication Equipment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>
2023	\$ 71,373,200	\$ 3,361,973,900	\$ 6,322,900	\$ 393,750,000	\$ 35,596,400	\$ 390,626,400	\$ 4,412,800	\$ 4,264,055,600	\$ -	\$ 4,264,055,600	\$ 1.232
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 <sup>®</sup>	90,632,100	3,264,699,112	6,521,900	396,503,700	36,638,400	391,282,400		4,186,277,612	5,422,794	4,191,700,406	1.177
2019	87,658,400	2,636,323,236	5,754,300	310,324,700	24,436,600	259,337,500		3,323,834,736	4,008,381	3,327,843,117	1.457
2018	99,712,300	2,586,960,854	5,759,500	310,063,100	24,436,600	259,337,500		3,286,269,854	3,732,909	3,290,002,763	1.441
2017	111,405,500	2,538,362,185	5,735,400	311,203,800	24,436,600	259,361,500		3,250,504,985	3,708,597	3,254,213,582	1.419
2016	118,976,900	2,513,100,885	5,506,100	323,818,400	24,436,600	259,361,500		3,245,200,385	3,811,602	3,249,011,987	1.391
2015	124,982,600	2,490,770,585	5,666,300	327,057,000	24,436,600	259,361,500		3,232,274,585	4,115,976	3,236,390,561	1.358
2014	133,048,200	2,470,952,785	4,936,400	327,605,000	24,436,600	261,657,500		3,222,636,485	4,038,726	3,226,675,211	1.322

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

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

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

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

**b** Tax rates are per \$100

<sup>®</sup> Revaluation of Property

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

Unaudited

Fiscal Year Ended June 30,	Manchester Township School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Manchester Township	Ocean County	
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
2023	1.175	0.057	1.232	0.692	0.406	2.330

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	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Cedar Glen Lakes	\$ 79,581,600	1	1.88%	\$ 56,569,000	1	1.75%
Crestwood Village Co-Op IV	64,583,000	2	1.52%	41,213,500	2	1.28%
Crestwood Village Co-Op III	58,079,200	3	1.37%	34,559,000	5	1.07%
Crestwood Village Co-Op II	55,512,100	4	1.31%	35,617,700	4	1.10%
Pine Ridge MHC LLC	51,800,000	5	1.22%	40,454,400	3	1.25%
Arbors Propco LLC	46,222,800	6	1.09%			
Crestwood Village Co-Op I	44,297,000	7	1.05%	27,678,000	9	0.86%
Briarhill At Manchester	-		0.00%	29,500,000	8	0.91%
Suncrest Village	41,030,000	8	0.97%			
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%
Total	<u>\$ 509,115,600</u>		<u>12.01%</u>	<u>\$ 359,024,000</u>		<u>11.12%</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	
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%	
2023	51,495,677	51,495,677	100.00%	

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

**Note:**

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

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

Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business- Type Activities	Total District	Percentage of Per Capita Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases Payable	Obligations Under Leases	Financed Purchases Payable			
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
2023	12,690,000	1,570,852	117,025		14,377,877	0.42%	60,823

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
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
2023	12,690,000	206	12,689,794	0.38%	275.45

**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  
 Year Ended June 30, 2023

Unaudited

	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Manchester Township	\$ 22,310,928	100.0%	\$ 22,310,928
County of Ocean	497,859,761	3.56%	<u>17,723,807</u>
Subtotal, overlapping debt			<u>40,034,735</u>
<b>Manchester Township School District Direct Debt</b>			
			<u>_____</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 40,034,735</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

2023	\$ 4,259,642,800
2022	4,233,609,500
2021	<u>4,211,354,412</u>
	<u>\$ 12,704,606,712</u>
	<u>\$ 4,234,868,904</u>

Debt limit (4 % of average equalization value)	\$ 169,394,756
	<u>12,690,000</u>
	<u>\$ 156,704,756</u>

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 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	\$ 169,394,756
Total net debt applicable to limit	<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>	<u>12,690,000</u>
Legal debt margin	<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>	<u>\$ 156,704,756</u>
Total net debt applicable to the limit as a percentage of debt limit	14.89%	21.53%	19.41%	17.63%	15.92%	14.32%	12.17%	10.47%	8.85%	7.49%

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

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

Unaudited

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
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%
2023	46,070		60,823	5.1%

**Source:**

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

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

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

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

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

Unaudited

Employer	2023			2014		
	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>54.27%</u>
Total Employment within Township	<u>12,902</u>			<u>10,576</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>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>2023</u>
Instruction										
Regular	214.6	214.1	212.1	219.1	218.1	214.2	215.2	216.2	194	216
Special education	68.4	68.4	68.4	68.4	68.4	68.4	69.4	70.4	72	74
Other special education	38	38	38	38	39	39	39	39	32	35.9
Support Services:										
Student & instruction related services	70.7	77.7	84.7	84.7	98.2	105.6	111.6	126.6	146	188
General administrative services	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.4	4
School administrative services	25.4	26.4	28.4	28.4	28.4	26.4	26.4	26.4	26.5	29
Business administrative services	6.9	6.9	6.9	6.9	6.9	6.9	4.9	6.9	6.6	6.5
Technical administrative services	1.8	3	4	4	4	4	4	5	5	5
Plant operations and maintenance	34.4	36.5	36.5	36.5	36.5	37.5	38.5	38.5	38.2	38.6
Pupil transportation	58.3	62.62	62.62	62.62	62.62	63.9	60.7	60	56	64.4
Total	<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>	<u>661.40</u>

**Source:** District Personnel Records

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



Manchester Township School District  
 Operating Statistics  
 Last Ten Fiscal Years

Unaudited

Fiscal Year	October 15 Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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	11:1	10:1	11:1	2,749	2,557	-2.41%	93.02%
2023	2,878	78,093,897	27,135	17.35%	325	11:1	10:1	11:1	2,814	2,595	2.36%	92.22%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

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

Manchester Township School District  
 School Building Information  
 Last Ten Fiscal Years

Unaudited

<b>District Building</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Elementary</b>										
Manchester Elementary (1992)										
Square Feet	61,900	61,900	61,900	61,900	61,900	61,900	61,900	61,900	61,900	61,900
Capacity (students)	711	711	711	711	711	711	711	711	711	711
Enrollment	601	547	546	567	551	541	540	560	495	514
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	488	487	463	453	444	455	430	450	465
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	264	261	247	241	248	249	253	244	326
<b>Middle School</b>										
Manchester Middle (1983)										
Square Feet	104,948	104,948	104,948	104,948	104,948	104,948	104,948	104,948	104,948	104,948
Capacity (students)	822	822	822	822	822	822	822	822	822	822
Enrollment	681	675	691	663	681	667	695	649	650	604
<b>High School</b>										
Manchester High School (1976)										
Square Feet	179,400	179,400	179,400	179,400	179,400	179,400	179,400	179,400	179,400	179,400
Capacity (students)	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402
Enrollment	1,001	980	971	1,008	1,003	991	1,007	987	965	969

Number of Schools at June 30, 2023

- 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,									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Central Office		\$ 221,933	\$ 289,169	\$ 223,063	\$ 255,630	\$ 200,483	\$ 240,673	\$ 234,994	\$ 221,690	\$ 176,935	\$ 161,307
High School	40	133,325	475,654	214,845	248,184	201,454	343,518	122,208	289,847	391,864	160,717
Manchester Elementary School	43	82,927	102,481	119,818	193,621	151,204	88,281	56,862	157,077	155,822	93,312
Manchester Middle School	45	116,031	183,593	185,047	164,101	160,807	134,581	170,154	217,836	228,808	198,324
Ridgeway Elementary School	50	95,484	237,773	113,161	176,886	129,950	88,050	88,902	92,039	131,489	188,149
Whiting Elementary School	60	63,854	39,633	55,541	112,665	94,171	99,941	54,217	66,951	91,213	64,520
<b>Total School Facilities</b>		<b>\$ 713,554</b>	<b>\$ 1,328,303</b>	<b>\$ 911,475</b>	<b>\$ 1,151,088</b>	<b>\$ 938,069</b>	<b>\$ 995,044</b>	<b>\$ 727,338</b>	<b>\$ 1,045,440</b>	<b>\$ 1,176,131</b>	<b>\$ 866,329</b>

Source: District records of required maintenance.

Manchester Township School District  
 Insurance Schedule  
 Year ended June 30, 2023  
 Unaudited

Type of Coverage	Coverage	Deductible
Multi Peril Package Policy - New Jersey School Board Association Ins. Group		
<b>Section I - Property:</b>		
Blanket building and contents	\$ 500,000,000	\$ 5,000
Extra expense	50,000,000	5,000
Flood/Earthquake /Terrorism	126,000,000	500,000
Valuable papers	10,000,000	5,000
Demolition and Inc. Cost of Construction	25,000,000	
Limited Builders Risk	10,000,000	
Other	625,000	
<b>Section II - Electronic Data Processing:</b>		
Computer equipment:Hardware/Software	1,000,000	1,000
Computer Virus	250,000	
<b>Section III - Property and Business Inc.:</b>		
Equipment/Business Income	100,000,000	5,000
<b>Section IV - Crime:</b>		
Blanket employee dishonesty	1,000,000	1,000
Depositors forgery	50,000	500
Money and securities	50,000	500
Forgery or Alteration	1,000,000	1,000
Computer Fraud	50,000	500
<b>Section V - General Liability:</b>		
Bodily injury and property damage	31,000,000	
Sexual Abuse	27,000,000	
Products and Completed Operations	31,000,000	
Personal Injury and Adv. Injury	31,000,000	
Employee Benefits Liability	31,000,000	1,000
Terrorism	1,000,000	
<b>Section VI - Automobile:</b>		
Bodily Injury and Property Damage	31,000,000	
Uninsured/underinsured	1,000,000	
Personal Injury Protection	250,000	
Terrorism	1,000,000	
Medical payments	10,000	
Comprehensive and collision	ACU	1,000

Source: District Records

Manchester Township School District  
Insurance Schedule  
Year ended June 30, 2023  
Unaudited

Type of Coverage	Coverage	Deductible
<b>Errors and Omissions:</b>		
Errors and Omissions	\$ 30,000,000	\$ 15,000
<b>Workers Compensation:</b>		
Employer Liability	3,000,000	
Workers Compensation	3,000,000	
<b>Umbrella Excess Liability:</b>		
Policy aggregate limit of liability-primary	31,000,000	
Umbrella excess liability-secondary	31,000,000	
<b>Environmental Impairment Liability:</b>		
Aggregate limit of liability	1,000,000	10,000
<b>Cyber Security:</b>		
Cyber Crime	20,000,000	
Cyber Extortion		15,000
Security Breach Response		15,000
Security Liability		15,000
Electronic Fraud		15,000
<b>Fidelity Bonds:</b>		
Selective Insurance Company/Utica		
National Insurance Group:		
Board Secretary/Business Administrator	287,500	

Source: District Records

## Single Audit Section



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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Manchester Township School District, in the County of Ocean, New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 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.

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

*Page 2*

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  
November 30, 2023

*Robert E. Provost*

Robert Provost, CPA  
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, 2023. 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, 2023.

**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  
November 30, 2023

*Robert E. Provost*

Robert Provost, CPA  
Licensed Public School Accountant, No. 2486



Manchester Township School District  
Schedule of Expenditures of State Financial Assistance  
Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Balance at June 30, 2023			MEMO Cumulative Total Expenditures		
					Unearned Revenue (Accounts Receivable)	Carryover/ (Walkover) Amount			Intergovernmental (Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor		Budgetary Receivable	
State Department of Education:														
General Fund:														
Transportation Aid	23-495-034-5120-014	\$ 1,989,096	7/1/2022	6/30/2023			\$ 1,800,668	\$ (1,989,096)			\$ (188,428)	\$ (1,989,096)		
Transportation Aid	22-495-034-5120-014	1,989,096	7/1/2021	6/30/2022	\$ (181,874)		181,874							
Special Education Categorical Aid	23-495-034-5120-089	1,756,005	7/1/2022	6/30/2023			1,589,658	(1,756,005)			(166,347)	(1,756,005)		
Special Education Categorical Aid	22-495-034-5120-089	1,756,005	7/1/2021	6/30/2022	(160,562)		160,562							
Extraordinary Aid	23-495-034-5120-044	1,531,306	7/1/2022	6/30/2023				(1,531,306)	\$ (1,531,306)			(1,531,306)		
Extraordinary Aid	22-495-034-5120-044	1,616,271	7/1/2021	6/30/2022	(1,616,271)		1,616,271							
Security Aid	23-495-034-5120-084	573,735	7/1/2022	6/30/2023			519,385	(573,735)			(54,350)	(573,735)		
Security Aid	22-495-034-5120-084	573,735	7/1/2021	6/30/2022	(52,460)		52,460							
Adjustment Aid	23-495-034-5120-085	783,197	7/1/2022	6/30/2023			709,005	(783,197)			(74,192)	(783,197)		
Adjustment Aid	22-495-034-5120-085	882,464	7/1/2021	6/30/2022	(80,689)		80,689							
Other State Aid (NP Transportation Aid)	Not Available	61,249	7/1/2022	6/30/2023				(61,249)	(61,249)			(61,249)		
Other State Aid (NP Transportation Aid)	Not Available	19,555	7/1/2021	6/30/2022	(19,555)		19,555							
Homeless Transportation Aid	Not Available	65,754	7/1/2021	6/30/2022	(65,754)		65,754							
On-Behalf TPAF Medical Contributions (NC)	23-495-034-5094-001	2,403,640	7/1/2022	6/30/2023			2,403,640	(2,403,640)				(2,403,640)		
On-Behalf TPAF Long-Term Disability Insurance (NC)	23-495-034-5094-004	3,146	7/1/2022	6/30/2023			3,146	(3,146)				(3,146)		
On-Behalf TPAF Pension and Annuity Fund (NC)	23-495-034-5094-002	9,149,838	7/1/2022	6/30/2023			9,149,838	(9,149,838)				(9,149,838)		
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	1,906,232	7/1/2022	6/30/2023			1,906,232	(1,906,232)				(1,906,232)		
Reimbursed TPAF Social Security Contributions	23-495-034-5120-034	1,725,130	7/1/2021	6/30/2022	(85,523)		85,523							
Lead Testing For Schools	23-495-034-5120-014	7,381	7/1/2022	6/30/2023			7,381	(7,381)				(7,381)		
<b>Total General Fund</b>					<b>(2,262,688)</b>		<b>20,351,641</b>	<b>(20,164,825)</b>	<b>(1,592,555)</b>		<b>(483,317)</b>	<b>(20,164,825)</b>		
Special Revenue Fund:														
Preachool Education Aid	495-034-5120-086	3,270,924	7/1/2022	6/30/2023			2,979,258	(3,224,147)		\$ 127,621	(372,510)	(3,224,147)		
NJ School Development Authority (SDA)														
Emergent and Capital Needs Grant	Various	95,210	7/1/2022	6/30/2023			68,978	(68,978)				(68,978)		
Emergent and Capital Needs Grant	Various	70,189	7/1/2021	6/30/2022	26,232							(26,232)		
Climate Change Education Grant	23-100-034-5063-359	6,660	7/1/2022	6/30/2022			6,660	(6,660)				(6,660)		
<b>Total Special Revenue Fund</b>					<b>26,232</b>		<b>3,054,896</b>	<b>(3,326,017)</b>		<b>127,621</b>	<b>(372,510)</b>	<b>(3,326,017)</b>		
Debt Service Fund:														
Debt Service Aid	23-495-034-5120-017	171,561	7/1/2022	6/30/2023			171,561	(171,561)				(171,561)		
<b>Total Debt Service Fund</b>							<b>171,561</b>	<b>(171,561)</b>				<b>(171,561)</b>		
State Department of Agriculture:														
Enterprise Fund:														
School Lunch Program (State Share)	23-100-010-3350-023	32,563	7/1/2022	6/30/2023			30,134	(32,563)	(2,429)			(32,563)		
School Lunch Program (State Share)	22-100-010-3350-023	32,990	7/1/2021	6/30/2022	(2,969)		2,969							
					<b>(2,969)</b>		<b>33,103</b>	<b>(32,563)</b>	<b>(2,429)</b>			<b>(32,563)</b>		
State Department of Education:														
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	150,921	7/1/2022	6/30/2023			150,921	(150,921)				(150,921)		
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	154,573	7/1/2021	6/30/2023	(7,595)		7,595							
<b>Total Enterprise Fund</b>					<b>(10,564)</b>		<b>191,619</b>	<b>(183,484)</b>	<b>(2,429)</b>			<b>(183,484)</b>		
<b>Total state financial assistance</b>					<b>\$ (2,247,020)</b>		<b>\$ 23,769,717</b>	<b>\$ (23,845,887)</b>	<b>\$ (1,594,984)</b>	<b>\$ 127,621</b>	<b>\$ -</b>	<b>\$ (855,827)</b>	<b>\$ (23,845,887)</b>	
<b>Total State Financial Assistance Not Subject to Single Audit Determination</b>														
General Fund:														
On-Behalf TPAF Medical Contributions (NC)	23-495-034-5094-001	2,403,640	7/1/2022	6/30/2023			(2,403,640)	2,403,640				2,403,640		
On-Behalf TPAF Long-Term Disability Insurance (NC)	23-495-034-5094-004	3,146	7/1/2022	6/30/2023			(3,146)	3,146				3,146		
On-Behalf TPAFPension and Annuity (NC)	23-495-034-5094-002	9,149,838	7/1/2022	6/30/2023			(9,149,838)	9,149,838				9,149,838		
<b>Total State Financial Assistance Subject to Single Audit Determination</b>					<b>\$ (2,247,020)</b>		<b>\$ -</b>	<b>\$ 12,213,093</b>	<b>\$ (12,289,263)</b>	<b>\$ (1,594,984)</b>	<b>\$ 127,621</b>	<b>\$ -</b>	<b>\$ (855,827)</b>	<b>\$ (12,289,263)</b>

NC-non cash activity

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, 2023

**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, 2023

**3. Relationship to Basic Financial Statements (continued)**

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

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

<u>Accounts Receivable</u>	<u>Budgetary Basis</u>	<u>Less: Encumbrances</u>	<u>GAAP Basis</u>
Federal	\$2,526,367	\$1,426,818	\$1,099,549

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,732) for the general fund and (\$1,683,624) 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	\$ 313,354	\$ 20,149,712	\$ 20,463,066
Special Revenue Fund	4,604,997	2,243,616	6,848,613
Debt Service Fund		171,561	171,561
Enterprise Fund/Food Service	1,245,128	32,563	1,277,691
Enterprise Fund/Regional Day School		150,921	150,921
Total financial award revenues	<u>\$ 6,163,479</u>	<u>\$ 22,748,373</u>	<u>\$ 28,911,852</u>

Manchester Township School District

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

Year ended June 30, 2023

**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, 2023.

The post retirement pension, medical and long-term disability benefits received on-behalf of the District for the year ended June 30, 2023 amounted to \$11,556,624. 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 represent a reallocation of expenditures between ESSER grants in the amount of \$15,857 and a cancelled purchase order related to COVID funds in the amount of \$9,500.



Manchester Township School District  
Schedule of Findings and Questioned Costs  
June 30, 2023

**Part I – Summary of Auditors’ Results**

**Financial Statement Section**

Type of auditors’ report issued:	Unmodified		
Internal control over financial reporting:			
Are any material weaknesses identified?	_____ Yes	_____ X _____	No
Are any significant deficiencies identified?	_____ Yes	_____ X _____	None Reported
Is any noncompliance material to financial statements noted?	_____ Yes	_____ X _____	No

**Federal Awards**

Internal control over major federal programs:			
Are any material weaknesses identified?	_____ Yes	_____ X _____	No
Are any significant deficiencies identified?	_____ Yes	_____ X _____	None Reported
Type of auditors’ report issued on compliance for major federal programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ X _____	No

Manchester Township School District  
Schedule of Findings and Questioned Costs  
June 30, 2023

**Part I – Summary of Auditors’ Results (continued)**

**Federal Awards Section (continued)**

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>FAIN</u>	<u>Name of Federal Program or Cluster</u>
Elementary and Secondary Education:		
84.425D	S425D230027	COVID-19 ESSER II Grant Program
84.425D	S425D230027	COVID-19 CRRSA Learning Acceleration
84.425D	S425D230027	COVID-19 Mental Health
84.425U	S425D230027	COVID-19 ARP Accelerated Learning
84.425U	S425D230027	COVID-19 ARP Summer Learning
84.425U	S425D230027	COVID-19 ARP Evidence-Based Comprehensive Beyond the School Day Activities
84.425U	S425D230027	COVID-19 ARP ESSER
84.425U	S425D230027	COVID-19 ARP Mental Health
Special Education Cluster:		
84.027X	H027A230099	COVID-19 ARP IDEA Special Education
84.173X	H173A230115	COVID-19 ARP Preschool Grant
84.027A	H027A230101	IDEA Special Education Grant
84.173A	H173A230115	IDEA Preschool Grant

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, 2023

**Part I – Summary of Auditors’ Results (continued)**

**State Financial Assistance**

Internal control over major state programs:

Are any material weaknesses identified? \_\_\_\_\_ Yes   X   No

Are any significant deficiencies identified? \_\_\_\_\_ Yes   X   None reported

Type of auditors’ report issued on compliance for major state programs: \_\_\_\_\_ Unmodified

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

Identification of major state programs:

<b>GMIS/Program Number</b>	<b>Name of State Program or Cluster</b>
495-034-5120-086	Preschool Education Aid
23-495-034-5120-089	State Aid Cluster:
23-495-034-5120-084	Special Education Categorical Aid
23-495-034-5120-085	Security Aid
	Adjustment Aid

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

Manchester Township School District

Schedule of Findings and Questioned Costs

June 30, 2023

**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, 2023

**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.