

**SCHOOL DISTRICT  
OF  
MANNINGTON TOWNSHIP**

**COMPREHENSIVE ANNUAL  
Financial Report**

**of the**

**Mannington Township Board of Education**

**Salem, New Jersey**

**For the Fiscal Year Ended June 30, 2010**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**Mannington Township Board of Education**

**Salem, New Jersey**

**For the Fiscal Year Ended June 30, 2010**

**Prepared by**

**Mannington Township Board of Education**

**Finance Department**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE MANNINGTON TOWNSHIP SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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## **INTRODUCTORY SECTION**

# Mannington Township School District

*"The Pride of Mannington"*

495 Route 45  
Salem, NJ 08079

(856) 935-1078  
Fax (856) 935-3747

Dr. Loren Thomas  
*Superintendent*

John Swain  
*Principal*

Donna Dolbow  
*Business Administrator*

September 14, 2010

Honorable President and  
Members of the Board of Education  
Mannington Township School District  
Salem County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Mannington Township School District for the fiscal year ended June 30, 2010 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 and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the New Jersey State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Awards, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## 1. REPORTING ENTITY AND ITS SERVICES:

Mannington Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Mannington Township Board of Education and its one school constitute the District's reporting entity. Mannington Township School District provides a full range of educational services appropriate to grade levels Pre-K through Eighth grade. These include regular, as well as special education for handicapped students. Our students in grades 9-12 are sent to Salem High School in a sending/receiving relationship. Tuition and transportation are paid for by the Mannington Township Board of Education. The Mannington Township School District completed the 2009-2010 fiscal year with an enrollment of 188 students, which was 13 more students than in the prior year. The following changes in the student enrollment of the District over the last ten years show a leveling off for the later years.

### Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2009-10	191	9.14%
2008-09	172	(1.14)%
2007-08	174	13.73%
2006-07	154	(3.39)%
2005-06	159	(12.64)%
2004-05	182	4.79%
2003-04	177	1.13%
2002-03	185	.88%
2001-02	193	.47%
2000-01	197	1.05%

## 2. ECONOMIC CONDITION AND OUTLOOK:

Mannington Township is showing, and will continue to show, a limited increase in new housing. The Township houses many of the county government facilities, i.e., emergency management, the county jail, the County Vocational Technical School and Prep Center, plus numerous churches and the Memorial Hospital of Salem County. A large percentage of land is locked from building by the Farmland Preservation Act, wetlands designation, plus the Mannington Meadows (a National Wildlife Preserve). The Township is experiencing limited growth in industry and professional establishments. At the current time, at least two developers have applied to build multi-home developments within the community. It is anticipated, that that once the building process is underway, the district enrollment will increase.

### **3. MAJOR INITIATIVES:**

Student scores on the state assessments, from third through eighth grades, continue to be highly competitive, when compared by region, DFG, and state means. The District continues to focus and enhance its professional development in the areas of literacy, reading and writing. Mannington Township School offers full day Pre-K and Kindergarten classes. Curriculum review with a differentiated instruction component's ongoing in all subject areas. The Mannington Township School continues to provide and ensure a safe and healthy learning environment for all students at Mannington Township School. During the 2009-2010 school year, the district continued to concentrate on readiness of students in our Pre-K through third grade through the services of the R.I.T. (Response to Intervention) team. Through this initiative, we are able to identify and address the basic skill needs for students in the beginning years and enable them to achieve a higher level of academic success as they progress through the upper grades. The needs of all students are considered in both regular and special education, including resource center programs and inclusion settings, with a full range of related services being offered. The parent-paid tuition rate is competitive with surrounding districts and allows parents outside of Mannington Township a reasonable and affordable choice within the county for their child's (children's) education.

### **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 awards and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

### **5. BUDGETARY CONTROLS:**

In addition to internal accounting 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 approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

## **6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

## **7. DEBT ADMINISTRATION:**

On March 1, 2006, the Mannington Township Board of Education issued \$2,218,000 in bonds for the renovation of the elementary school, of which the balance as of June 30, 2010 was \$1,913,000. There was no other authorized or outstanding bonded debt as of June 30, 2010.

During 1998-1999 the Board approved the issuance of a capital lease in the amount of \$400,000 to fund roof replacement to the school building. As of June 30, 2010, the outstanding principal amount of said capital lease was \$164,910.

## **8. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **9. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

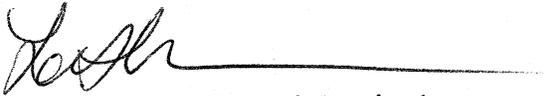
**10. OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, P. A., 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 Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11. ACKNOWLEDGMENTS:**

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

Respectfully submitted,



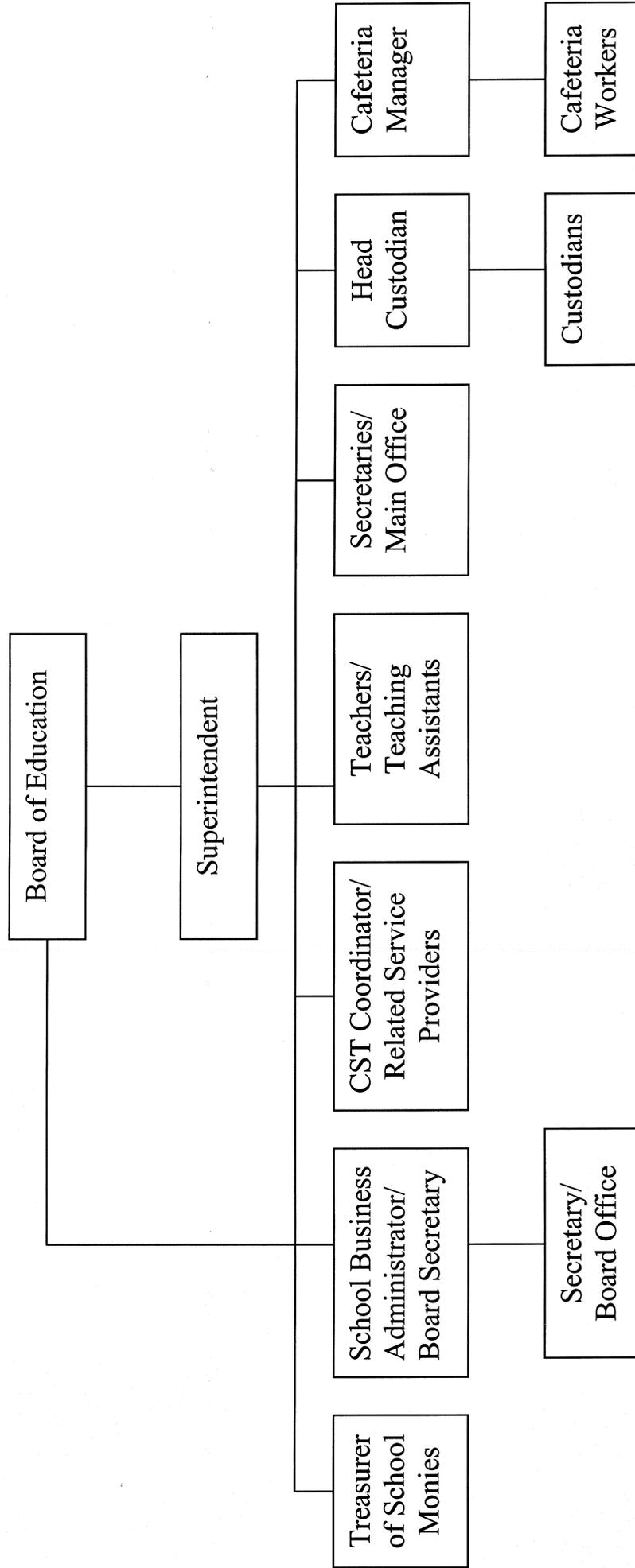
Dr. Loren Thomas, Superintendent



Donna Dolbow  
Business Administrator/Board Secretary

# Mannington Township School District

## Organizational Chart



**MANNINGTON TOWNSHIP BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2010**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Patricia Skwirut, President	2013
Don Richman, Vice President	2013
Carmen Porter Buck	2011
Casey Maxwell	2011
Melissa Ecret	2011
Melanie Richman	2012
Jennifer VanDover	2012

**OTHER OFFICIALS**

Dr. Loren Thomas, Superintendent

John Swain, Principal

Donna Dolbow, Business Administrator

Louis Shapiro, Esquire- Solicitor

Susan Dolbow, Treasurer of School Monies

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

**Raymond Colavita, CPA, RMA**  
**Nightlinger, Colavita and Volpa, P. A.**  
Certified Public Accountants  
991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

**ATTORNEY**

**Mr. Louis Shapiro, Esq.**  
1063 E. Landis Avenue  
Vineland, New Jersey 08360

**OFFICIAL DEPOSITORY**

**The Bank**  
Route 45  
Salem, New Jersey 08079

**INSURANCE AGENCY**

**Conner Strong Co., Inc.**  
PO Box 358  
Bridgeton, New Jersey 08302

**FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
Fax (856) 728-2245

September 14, 2010

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Mannington Township School District  
County of Salem, New Jersey 08079

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 Mannington Township School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mannington Township School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Mannington Township School District in the County of Salem, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 20, 2010 on our consideration of the Township of Elsinboro Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 19 and 50 through 56 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management 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 assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurances.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mannington Township School District's basic financial statements as a whole. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information included in this comprehensive annual financial report designated as the Statistical Section in the table of contents, is presented for the purpose of additional analysis. This information has not been audited by us and accordingly, we express no opinion on this information

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

## **Mannington Township School District Management Discussion and Analysis**

This section of the Mannington Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2010. Comparative information between the current year (2009-10) and the prior year (2008-09) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

### **Using the Comprehensive Annual Financial Report (CAFR)**

The Comprehensive Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status and performance.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the *district-wide statements*, with the focus on operations.
- The *governmental fund statements* tell how *basic services* such as regular and special education were financed in the *short-term*, as well as what remains for future spending.
- *Proprietary fund statements* offer *short- and long-term* financial information about activities the District operates *like businesses*.
- *Fiduciary fund statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain various information in the statements and provide more detail. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Key financial highlights for 2010 are as follows:

- General revenues accounted for \$3,053,774 in revenue or 88% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$428,381 or 12% percent to total revenues of \$3,482,155.
- Total net assets of governmental activities decreased by \$217,739, comprised of changes in various assets and liabilities. The net assets of the Business-type Activities increased by \$9,527.

- The School District had \$3,690,367 in expenses, of which only \$428,381 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) of \$3,053,774 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities.
- The General Fund had \$3,076,868 in revenues, \$3,181,635 in expenditures and \$12,000 in other net financing uses. The General Fund's balance decreased \$116,767 over 2009. This decrease was anticipated by the Board of Education as fund balance was used to balance the budget.

### **District-wide Financial Statements – Reporting the School District as a Whole**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's overall financial position.

This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, which represent the district-wide financial statements, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal service funds.
- **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business-type activity.

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about these major funds. The School District uses numerous funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

The District may implement four types of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Internal service funds:* (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements as these assets may not be used to finance the District's operations.

### The School District as a Whole

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2010 and 2009.

	2010	2009
<b>Assets</b>		
Current and other assets	\$ 438,030	\$ 555,445
Capital assets, net	1,906,329	2,090,971
<b>Total Assets</b>	<b>2,344,359</b>	<b>2,646,416</b>
<b>Liabilities</b>		
Current Liabilities	41,036	44,157
Long-term liabilities	2,135,990	2,226,714
<b>Total Liabilities</b>	<b>2,177,026</b>	<b>2,270,871</b>
<b>Net Assets</b>		
Invested in capital assets, net of debt	(171,581)	(94,373)
Restricted	194,308	308,503
Unrestricted	144,606	161,415
<b>Total net assets</b>	<b>\$ 167,333</b>	<b>\$ 375,545</b>

Table 2 shows the changes in net assets from fiscal year's 2010 and 2009.

Table 2  
Changes in Net Assets

	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Programs revenues		
Charges for services	\$ 33,657	\$ 38,291
Operating grants	394,724	358,650
General Revenues		
Property taxes	2,426,638	2,336,776
Grants and entitlements	673,116	714,275
Other	52,808	55,133
	<u>3,580,943</u>	<u>3,503,125</u>
<b>Program Expenses</b>		
Instruction	1,250,292	1,234,072
Tuition	599,893	531,577
Pupil and Instructional Staff	323,817	292,475
General administration, school administration, business	225,914	218,091
Operations and maintenance of Facilities	204,116	205,318
Pupil Transportation	238,042	211,450
Employee Benefits	673,578	646,696
Other	93,493	98,266
Food Service	81,222	77,179
	<u>3,690,367</u>	<u>3,515,124</u>
Total Expenses		
Increase in net assets	(109,424)	(11,999)
Less: Fixed Asset Adjustment	(98,788)	
Net Increase in net assets	<u>\$ (208,212)</u>	<u>\$ (11,999)</u>

### Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 67.8% percent of these net revenues for governmental activities. Restricted and Unrestricted Federal, state and local grants accounted for another 29.8%. The total cost of services, as shown below, was \$3,690,367. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$3,259,513. Instruction comprises 33.9% of these District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>	<u>Total Cost of Services 2009</u>	<u>Net Cost of Services 2009</u>
Instruction	\$ 1,250,292	\$ 1,155,032	\$ 1,234,072	\$ 1,116,854
Tuition	599,893	599,893	531,577	531,577
Pupil and Instructional Staff	323,817	224,903	292,475	231,039
General administration, school administration, business	225,914	225,914	218,091	218,091
Operation and maintenance of facilities	204,116	204,116	205,318	205,318
Pupil Transportation	238,042	238,042	211,450	211,450
Employee Benefits	673,578	518,120	646,696	499,992
Food Service	81,222	0	77,179	5,596
Interest and fiscal charges	93,493	93,493	98,266	98,266
<b>Total Expenses</b>	<b>\$ 3,690,367</b>	<b>\$ 3,259,513</b>	<b>\$ 3,515,124</b>	<b>\$ 3,118,183</b>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) are related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Co-curricular activities include instructional expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District as well as internal service fund expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition as well as internal service fund expenses.

Pupil transportation includes activities involved with the conveyance of students to and from school and other activities, as provided by state law, as well as internal service fund expenses.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

### **Business-Type Activities**

Revenues for the District's business-type activities (Food Service program) were comprised of charges for services and federal and state reimbursements.

- Expenses exceeded program revenues by \$2,473. This deficit was offset by a board subsidy of \$12,000, resulting in a positive change in net assets of \$9,527.
- Charges for services represent \$33,657 of revenue, which was a reduction of \$4,634 from the prior year. This represents amount paid by patrons for daily food services activities. There was no other nonoperating revenue.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$45,092.

## The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$3,502,194, expenditures of \$3,615,375 and other net financing uses of \$12,000. The net negative change in fund balance for the year was \$125,181, which includes Capital Project expenditures of \$8,240. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds.

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 schedules present a summary of the revenues of the governmental funds (excluding capital projects and permanent scholarship funds) for the fiscal year ended June 30, 2010, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) from 2009	Percent Increase (Decrease)
Local Sources	\$ 2,479,446	70.80%	\$ 81,948	0.35%
State Sources	868,221	24.79%	(54,809)	-4.94%
Federal Sources	154,527	4.41%	38,924	35.63%
	<u>\$ 3,502,194</u>	<u>100.00%</u>	<u>\$ 66,063</u>	<u>1.87%</u>

The increase in Local sources is attributed to increases in the general fund local tax levy of \$88,663, and debt service tax levy of \$1,199, offset by the decrease of \$1,019 in tuition revenue and other miscellaneous revenues of \$6,895.

The decrease in State sources is attributed to decreases in social security contributions of \$757 and \$62,291 in Categorical Aid and \$411 in various restricted state grants, and, offset by an increase in debt service aid of \$801 and on-behalf TPAF Pension of \$7,849.

The above schedule includes the last state aid payments for 2008-2009 of \$71,846 received in July 2009 and does not include the last state aid payments for 2009-2010 received in July 2010 in the amount of \$72,523.

The increase in Federal sources is due to changes in various grants. In addition, the 2010 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2010 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease from 2009</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 1,176,023	32.60%	\$ (13,878)	-1.27%
Undistributed expenditures	2,205,739	61.15%	127,723	6.18%
Capital Outlay	23,410	0.65%	7,447	0.58%
Debt Service:				
Principal	107,434	2.98%	6,603	6.74%
Interest	94,521	2.62%	(4,604)	-4.26%
Total	<u>\$ 3,607,127</u>	<u>100.00%</u>	<u>\$ 123,291</u>	<u>2.65%</u>

The decrease in instructional expenditures is attributed to decreases in regular salaries of \$2,807 Special Revenue grants of \$21,958 and other instruction of \$1,537 offset by increase in special education instructional expenses of \$12,424.

The increase in undistributed expenditures was due to increases in tuition of \$68,316, employee benefits of \$12,242, student related costs of \$24,499, pupil transportation of \$26,592 and administration/central services costs of \$1,858, offset by a decrease in maintenance cost of \$5,784.

The increase in capital outlay is attributed to Special Revenue Fund instructional expenditures of \$23,410 and a decrease in general fund equipment purchases of \$4,623 and other cost of \$11,340.

The change in debt service results from increased principal payments and declining interest cost.

### **General Fund Budgeting Highlights**

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2010, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- Staffing changes based on student needs.
- Additional costs for student transportation both in regular education and special education.
- Changes in maintenance and operations
- Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show a decrease of \$116,257 as shown on Exhibit C-1.

- Actual revenues were \$103,553 less than expected, excluding on-behalf pension and social security reimbursements of \$149,505, due mainly to decreased adjustment aid.
- Actual expenditures were \$17,504 less than expected. This includes state on-behalf pension and social security reimbursements of \$149,505 and reflects favorable variances in most expenditure accounts totaling \$167,009.

## Capital Assets

At the end of the fiscal year 2010, the School District had \$1,906,329 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2010 balances compared to 2009.

Table 4  
Capital Assets (Net of Depreciation) at June 30

	<u>2010</u>	<u>2009</u>
Land	\$ 6,207	\$ 6,207
Land Improvements	2,311	2,308
Building and Improvements	1,802,551	1,998,349
Machinery and Equipment	95,260	84,107
Totals	<u>\$ 1,906,329</u>	<u>\$ 2,090,971</u>

Overall capital assets decreased \$184,642 from fiscal year 2009 to fiscal year 2010. Increases in capital assets by purchase or construction (primarily buildings and improvements and equipment) of \$31,658 were offset by depreciation expenses of \$117,512 for the year, which was made up of \$117,180 in the General fund and \$332 in the Food Service Enterprise Fund. There were also negative adjustments in the amount of \$98,788 resulting from an inventory taken by an outside appraisal company. (See Note 5 to the Financial Statements)

### Long-Term Debt:

At year-end, the District had outstanding capital lease principal in the amount of \$164,910, school bonds in the amount of \$1,913,000 and compensated absences of \$58,080. There was no other outstanding authorized debt (Note 6). The remaining available amount of debt is \$4,365,897.

### Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial position in the future:

- The current collective bargaining unit is in effect until June 30, 2011.
- State Formula Aid for the fiscal year 2008-2009 remained at the same level as the previous year. It is the District's hope the State will apply aid formula that results in distribution of aid on the formula's enrollment basis. The District's special revenue is an unpredictable source. The District avails itself of every grant opportunity to increase educational opportunities for students.
- The District still receives Debt Service Aid in regard to the past referendum project that was completed in 2007.

In conclusion, the Mannington Township School District has committed itself to fiscal responsibility for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are functioning. The School District plans to continue its sound fiscal management to meet the requirements of the future while admitting that the challenge continues in finding revenues to meet expense requirements.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Donna Dolbow, Business Administrator, Mannington Township School District, 495 Route 45, Salem, NJ 08079.

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 300,377	\$ 31,110	\$ 331,487
Receivables, net	59,717	3,016	62,733
Inventory		90	90
Restricted Assets:			
Capital Reserve Account - Cash	16,878		16,878
Unamortized Debt Issue Costs	26,842		26,842
Capital assets, net (Note 5):	1,901,522	4,807	1,906,329
Total Assets	<u>2,305,336</u>	<u>39,023</u>	<u>2,344,359</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	2,978		2,978
Accrued Interest Payable	36,898		36,898
Deferred revenue	1,160		1,160
Noncurrent Liabilities:			
Due within One Year	107,434		107,434
Due beyond One Year	2,028,556		2,028,556
Total Liabilities	<u>2,177,026</u>		<u>2,177,026</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	(176,388)	4,807	(171,581)
Restricted for:			
Capital Reserve	16,878		16,878
Other Purposes	177,430		177,430
Unrestricted	110,390	34,216	144,606
Total net assets	<u>\$ 128,310</u>	<u>\$ 39,023</u>	<u>\$ 167,333</u>

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

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental activities:						
Instruction:						
Regular	\$ 1,021,209	\$	\$ 95,260	\$ (925,949)	\$	\$ (925,949)
Special education	226,452			(226,452)		(226,452)
Other special instruction	1,100			(1,100)		(1,100)
Other instruction	1,531			(1,531)		(1,531)
Support services:						
Tuition	599,893			(599,893)		(599,893)
Student & instruction related services	323,817		98,914	(224,903)		(224,903)
General and business administrative services	94,020			(94,020)		(94,020)
School administrative services	48,931			(48,931)		(48,931)
Central Services	82,963			(82,963)		(82,963)
Plant operations and maintenance	204,116			(204,116)		(204,116)
Pupil transportation	238,042			(238,042)		(238,042)
Employee benefits	673,578		155,458	(518,120)		(518,120)
Amortization of Debt Issue Costs	1,789			(1,789)		(1,789)
Interest on Long-term Debt	91,704			(91,704)		(91,704)
<b>Total governmental activities</b>	<b>3,609,145</b>		<b>349,632</b>	<b>(3,259,513)</b>		<b>(3,259,513)</b>
Business-type activities:						
Food Service	81,222	33,657	45,092		(2,473)	(2,473)
<b>Total business-type activities</b>	<b>81,222</b>	<b>33,657</b>	<b>45,092</b>		<b>(2,473)</b>	<b>(2,473)</b>
<b>Total primary government</b>	<b>\$ 3,690,367</b>	<b>\$ 33,657</b>	<b>\$ 394,724</b>	<b>(3,259,513)</b>	<b>(2,473)</b>	<b>(3,261,986)</b>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				2,305,465		2,305,465
Taxes levied for debt service				121,173		121,173
Federal and State aid not restricted				673,116		673,116
Tuition received				47,749		47,749
Investment earnings				2,526		2,526
Miscellaneous Income				2,533		2,533
Fixed Asset Adjustment				(98,788)		(98,788)
Transfers				(12,000)	12,000	
<b>Total general revenues, special items, extraordinary items and transfers</b>				<b>3,041,774</b>	<b>12,000</b>	<b>3,053,774</b>
				Change in Net Assets		(217,739)
				Net Assets—beginning		346,049
				Net Assets—ending	\$	128,310
					\$	39,023
					\$	167,333

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

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

**GOVERNMENTAL FUNDS**

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	General Fund	Special Revenue Fund	Debt Service	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 300,374	\$	\$ 3	\$ 300,377
Receivables from other governments	282	59,435		59,717
Interfund Receivable	62,098			62,098
Cash - Capital reserve	16,878			16,878
<b>Total assets</b>	<b>\$ 379,632</b>	<b>\$ 59,435</b>	<b>\$ 3</b>	<b>\$ 439,070</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$	\$ 2,978	\$	\$ 2,978
Interfund Payable		62,098		62,098
Deferred revenue		1,160		1,160
<b>Total liabilities</b>		<b>66,236</b>		<b>66,236</b>
Fund Balances:				
Reserved:				
Encumbrances	764			764
Capital Reserve	16,878			16,878
Maintenance Reserve	10,000			10,000
Excess Surplus	23,872			23,872
Excess Surplus - Designated for Subsequent Year's Expenditures	103,558			103,558
Unreserved:				
Designated for Subsequent Year's Expenditures	40,000			40,000
Undesignated	184,560	(6,801)	3	177,762
<b>Total Fund balances</b>	<b>379,632</b>	<b>(6,801)</b>	<b>3</b>	<b>372,834</b>
<b>Total liabilities and fund balances</b>	<b>\$ 379,632</b>	<b>\$ 59,435</b>	<b>\$ 3</b>	

Amounts reported for *governmental activities* in the statement of net assets (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 \$3,195,370 and the accumulated depreciation is \$1,293,848 (Note 6).	1,901,522
Other long-term assets not available to pay for current period expenditures and not reported in governmental fund statements	26,842
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(2,135,990)
Accrued Interest on Bonds not payable until the next year	(36,898)
<b>Net assets of governmental activities</b>	<b>\$ 128,310</b>

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

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 2,305,465	\$	\$	\$ 121,173	\$ 2,426,638
Tuition from Other LEA'S	36,364				36,364
Tuition from Individuals	11,385				11,385
Interest Earned	2,526				2,526
Miscellaneous	1,533	1,000			2,533
Total Local Sources	2,357,273	1,000		121,173	2,479,446
State sources	719,595	67,843		80,783	868,221
Federal sources		154,527			154,527
Total revenues	3,076,868	223,370		201,956	3,502,194
<b>EXPENDITURES</b>					
Current:					
Regular instruction	864,608	95,260			959,868
Special education instruction	213,892				213,892
Other special instruction	1,100				1,100
Other instruction	1,163				1,163
Support services:					
Tuition	599,893				599,893
Student & instruction related services	208,017	98,914			306,931
General Administration	87,204				87,204
School administrative services	45,489				45,489
Central Services	78,502				78,502
Plant operations and maintenance	192,810				192,810
Pupil transportation	238,042				238,042
Employee benefits	650,915	5,953			656,868
Capital outlay		23,410	8,248		31,658
Debt Service:					
Principal				107,434	107,434
Interest and other charges				94,521	94,521
Total expenditures	3,181,635	223,537	8,248	201,955	3,615,375
Excess (Deficiency) of revenues over expenditures	(104,767)	(167)	(8,248)	1	(113,181)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out - Food Service Fund	(12,000)				(12,000)
Total other financing sources and uses	(12,000)				(12,000)
Net change in fund balances	(116,767)	(167)	(8,248)	1	(125,181)
Fund balance—July 1	496,399	(6,634)	8,248	2	498,015
Fund balance—June 30	\$ 379,632	\$ (6,801)	\$ -	\$ 3	\$ 372,834

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

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Total net change in fund balances - governmental funds (from B-2)** \$ (125,181)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$	(117,180)	
Amortization of debt Issue Costs		(1,789)	
Fixed Asset Adjustment		(98,788)	
Capital outlays		31,658	(186,099)

In the statement of activities, certain operating expenses are measured by the amounts earned during the year, such as compensated absences. In the governmental funds, however, expenditures are reported when the corresponding financial resources are used or paid. (16,710)

Repayment of capital lease principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of net assists. 27,434

Repayment of Serial Bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of net assists. 80,000

In the statement of activities, interest on long term debt is accrued, regardless of when due, In the Governmental funds, interest is reported when due for payment. 2,817

**Change in net assets of governmental activities (A-2)** **\$ (217,739)**

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

**PROPRIETARY FUNDS**

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2010**

	<b>Business-Type Activities</b>	
	<b>Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
	<hr/>	<hr/>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 31,110	\$ 31,110
Accounts receivable	3,016	3,016
Inventory	90	90
	<hr/>	<hr/>
Total Current Assets	34,216	34,216
	<hr/>	<hr/>
Noncurrent assets:		
Furniture, machinery & equipment	29,605	29,605
Less accumulated depreciation	(24,798)	(24,798)
	<hr/>	<hr/>
Total noncurrent Assets	4,807	4,807
	<hr/>	<hr/>
Total Assets	\$ 39,023	\$ 39,023
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND EQUITY:</b>		
Current liabilities:		
Deferred revenue	\$	\$
	<hr/>	<hr/>
Total Current Liabilities		
	<hr/>	<hr/>
Net Assets		
Invested in capital assets, net of related debt	4,807	4,807
Unrestricted	34,216	34,216
	<hr/>	<hr/>
Total Fund Equity	39,023	39,023
	<hr/>	<hr/>
Total Liabilities & Net Assets	\$ 39,023	\$ 39,023
	<hr/> <hr/>	<hr/> <hr/>

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

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Business-Type Activities</b>	
	<b>Enterprise Fund</b>	
	<b>Food</b>	
	<b>Service</b>	<b>Totals</b>
Operating revenues:		
Charges for Services:		
Food Sales Reimbursable Programs	\$ 25,737	\$ 25,737
Food Sales Non-Reimbursable Programs	7,920	7,920
Total Operating Revenue:	33,657	33,657
Operating expenses:		
Cost of sales	60,456	60,456
Salaries	18,665	18,665
Employee benefits	1,428	1,428
Repairs and maintenance	121	121
General supplies	220	220
Depreciation	332	332
Total Operating Expenses	81,222	81,222
Operating income (loss)	(47,565)	(47,565)
Non-operating revenues (expenses):		
State sources:		
State school lunch program	1,390	1,390
State school breakfast program	614	614
Federal sources:		
National school lunch program	28,696	28,696
School breakfast program	6,864	6,864
Food distribution program	7,528	7,528
Total non-operating revenues (expenses)	45,092	45,092
Income (loss) before contributions & transfers	(2,473)	(2,473)
Transfers in (out)	12,000	12,000
Change in net assets	9,527	9,527
Total net assets—beginning	29,496	29,496
Total net assets—ending	\$ 39,023	\$ 39,023

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

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Business-Type Activities</b>	
	<b>Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 33,657	\$ 33,657
Payments to employees	(18,665)	(18,665)
Payments for employee benefits	(1,428)	(1,428)
Payments to suppliers	(61,784)	(61,784)
	<hr/>	<hr/>
Net cash provided by (used for) operating activities	(48,220)	(48,220)
	<hr/>	<hr/>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	2,004	2,004
Federal Sources	43,088	43,088
Operating transfers in	12,000	12,000
	<hr/>	<hr/>
Net cash provided by (used for) non-capital financing activities	57,092	57,092
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	8,872	8,872
Balances—beginning of year	22,238	22,238
	<hr/>	<hr/>
Balances—end of year	\$ 31,110	\$ 31,110
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (47,565)	\$ (47,565)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and net amortization	332	332
(Increase) decrease in accounts receivable, net	(1,147)	(1,147)
(Increase) decrease in inventories	336	336
Increase (decrease) in interfund payable		
Increase (decrease) in Deferred Revenue	(176)	(176)
	<hr/>	<hr/>
Total adjustments	(655)	(655)
	<hr/>	<hr/>
Net cash provided by (used for) operating activities	\$ (48,220)	\$ (48,220)
	<hr/> <hr/>	<hr/> <hr/>

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

**FIDUCIARY FUNDS**

MANNINGTON TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	<u>Agency Fund</u>	<u>Student Activity</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,653	\$ 8,644
Total assets	<u>\$ 13,653</u>	<u>\$ 8,644</u>
<b>LIABILITIES</b>		
Payable to student groups Medical Reimbursement Plan	\$ 13,653	\$ 8,644
Total liabilities	<u>\$ 13,653</u>	<u>\$ 8,644</u>

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

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**A. Reporting Entity:**

The Mannington Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the district is to educate students in grades Pre K-8. The Mannington Township School District had an approximate enrollment at June 30, 2010 of 188 students.

Business Administrator/Board Secretary services are contracted with the Alloway School District including responsibility for the administrative control of the district.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of Mannington Township School District (District) have been prepared in conformity with generally accepted accounting principles (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. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

**A. Basis of Presentation:**

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**A. Basis of Presentation: (continued)**

District-wide Statements: The statement of net assets and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

**B. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting: (continued)**

**GOVERNMENTAL FUNDS**

**General Fund** - The General Fund is the general operating fund of the District. It 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.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The district currently has no capital projects and, therefore, has not included a capital projects fund.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District.

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**PROPRIETARY FUNDS (CONT'D)**

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund. The School Age Child Care Program was eliminated in the prior year.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund - Equipment	12 Years
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**FIDUCIARY FUNDS**

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and scholarship funds, if any:

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

**Agency Funds** - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds. This includes a Flexible Medical Spending Plan.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Basis of Accounting and Measurement Focus:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or 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 monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**D. Budgets/Budgetary Control:**

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 county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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 referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year, subject to certain rules. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Budgets/Budgetary Control: (continued)**

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment 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. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, which 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.

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is shown on Exhibit C-2.

**E. Encumbrance Accounting:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**F. Tuition Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**G. Tuition Payable:**

Tuition charges for the fiscal years 2007-08, 2008-09 and 2009-10 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**H. Short-Term Interfund Receivables/Payables:**

Short-term 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.

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**I. Inventories and Prepaid Expenses:**

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

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

**J. Assets, Liabilities and Equity:**

Transactions

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.

Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010. At June 30, 2010, there was an ending inventory of \$90 in the Food Service Fund, of which \$0 was federal commodities.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The District receives federal commodity food for meal service provided through a vended meal contract.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2010 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**K. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. 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 District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the district- wide Statement of Net Assets.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**L. Deferred Revenue:**

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

**M. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**N. Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**O. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**P. Fund Equity:**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**Q. Comparative Data/Reclassifications:**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**R. Management Estimates:**

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

**S. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**T. Net Assets:**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**U. Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**V. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and 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 stated at cost. All other investments are stated at fair value.

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

- a. Bonds or 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 for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2010, the District had no funds on deposit with the New Jersey Cash Management.

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

Deposits:

N.J.S.A. 17:9-41, et seq. establish requirements for the security of deposits of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which 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.

Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office on the state of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, 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 Governmental Units.

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.

The school district has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the Governmental Unit Deposit Protection Act and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2010, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<b><u>Cash and Cash Equivalents</u></b>
Checking accounts	\$ 370,662
Certificates of Deposit	-
<b>Total</b>	<b>\$ 370,662</b>

Custodial Credit Risk:

Custodial credit presents a risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41 et seq. that the School District deposit all public funds in public depositories protected from loss under the provisions of the GUDPA Act as previously described.

The District does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2010, the District's bank balance of \$427,148 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 250,000
Collateralized under GUDPA	<u>177,148</u>
<b>Total</b>	<b>\$ <u>427,148</u></b>

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

**NOTE 4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Township of Mannington Board of Education by inclusion of \$1,000 on September 12, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. 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. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$	16,852
Interest Earnings		26
Deposits - Approved by Resolution in June 2010		
		<hr/>
		16,878
Less: Withdrawals		
Ending Balance, June 30, 2010	\$	<hr/> <hr/> 16,878

The balance in Capital Reserve is within the June 30, 2010 LRFP balance of local support costs of uncompleted capital projects at June 30, 2010.

**NOTE 5. OPERATING LEASES**

The District leases various office equipment under operating leases. The terms of the contracts call for monthly or quarterly payments. The future minimum lease payments required under the lease are as follow:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 7,462
2012	3,731
Total	<hr/> <hr/> \$ 11,193

The total operating lease payments made during the year ended June 30, 2010 were \$7,432.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 6,207	\$ -	\$ -	\$ 6,207
Total capital assets not being depreciated	6,207			6,207
Land Improvements	32,965			32,965
Building and building improvements	2,589,153	8,248	(33,128)	2,564,273
Machinery and equipment	575,773	23,410	(7,258)	591,925
Totals at historical cost	3,197,891	31,658	(40,386)	3,189,163
Less accumulated depreciation for:				
Land Improvements	(30,657)	(243)	246	(30,654)
Building and improvements	(590,804)	(108,507)	(62,411)	(761,722)
Equipment	(496,805)	(8,430)	3,763	(501,472)
Total accumulated depreciation	(1,118,266)	(117,180)	(58,402)	(1,293,848)
Total capital assets being depreciated, net of accumulated depreciation	2,079,625	(85,522)		1,895,315
<b>Government activities capital assets, net</b>	<b>\$ 2,085,832</b>	<b>\$ (85,522)</b>	<b>\$ (98,788)</b>	<b>\$ 1,901,522</b>
				<b>To A-1</b>
Business-type activities - Equipment	\$ 29,605			\$ 29,605
Less accumulated depreciation	(24,466)	(332)		(24,798)
<b>Business-type activities capital assets, net</b>	<b>\$ 5,139</b>	<b>\$ (332)</b>	<b>\$ -</b>	<b>\$ 4,807</b>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 61,341
Special Education	2,560
Other Instruction	368
Support Services:	
Student & Instruction Related Services	16,886
School Administration	6,816
General & Business Administrative Services	3,442
Central Services	4,461
Plant Operations and Maintenance	11,306
<b>Total Depreciation Expense</b>	<b>\$ 107,180</b>

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 7. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2010, the following changes occurred in long-term obligations:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>	<b>Long-term Portion</b>
<b>Governmental Activities:</b>						
Serial Bonds	\$ 1,993,000	\$ -	\$ 80,000	\$ 1,913,000	\$ 80,000	\$ 1,833,000
Obligations under capital lease	192,344		27,434	164,910	27,434	137,476
Compensated absences payable	41,370	16,710		58,080		58,080
<b>Total other liabilities</b>	<b>\$ 2,226,714</b>	<b>\$ 16,710</b>	<b>\$ 107,434</b>	<b>\$ 2,135,990</b>	<b>\$ 107,434</b>	<b>\$ 2,028,556</b>

**A. Bonds Payable** – As of June 30, 2010, the Board had Bonds Payable in the amount of \$1,913,000, which were issued on March 1, 2006.

Principal and interest due on bonds outstanding is as follows:

Year ending June 30,	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 80,000	\$ 79,389	\$ 159,389
2012	85,000	76,189	161,189
2013	90,000	72,789	162,789
2014	95,000	69,189	164,189
2015	100,000	65,389	165,389
2016	110,000	61,389	171,389
2017	115,000	56,989	171,989
2018	120,000	52,389	172,389
2019	125,000	47,589	172,589
2020	130,000	42,277	172,277
2021	135,000	36,752	171,752
2022	140,000	31,014	171,014
2023	145,000	25,064	170,064
2024	145,000	18,902	163,902
2025	150,000	12,739	162,739
2026	148,000	6,364	154,364
	<b>\$ 1,913,000</b>	<b>\$ 754,412</b>	<b>\$ 2,667,412</b>

**B. Bonds Authorized But Not Issued** -- As of June 30, 2010, the District had no bonds authorized but not issued.

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 7. GENERAL LONG-TERM DEBT (CONT'D)**

**C. Capital Leases** – During the year ended June 30, 2000, the Board of Education entered into a lease purchase agreement in the amount of \$400,000 for the purpose of replacing the roof and any other repairs associated with the roofing project. The lease term is 15 years, and bears interest at the rate of 6.204%.

<u>Year ending June 30,</u>	<u>Amount</u>
2011	\$ 39,366
2012	39,366
2013	39,366
Thereafter	78,736
Total Minimum Lease Payments	196,834
Less: Amount Representing Interest	(31,924)
Present Value of Net	
Minimum Lease Payments	\$ 164,910

**NOTE 8. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund 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. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 8. PENSION PLANS (CONT'D)**

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted (Cr 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced. Chapter 415, P.L. 1999 provides for a reduction in this rate of 3% for the calendar years 2000 and 2001 and for a contribution rate reduction of up to 2% of compensation in future calendar years if the State Treasurer determines that excess valuation assets will be used to reduce the normal contributions made to the system by the State and local employers in a fiscal year beginning immediately prior to a calendar year. Where a contribution is required from the Board of Education, the board is billed annually for its normal contribution plus any accrued liability. There is no accrued liability for the Public Employees' Retirement System as of June 30, 2005 since the requirements were fully funded by the State of New Jersey.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both 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 District is a non-contributing employer of the TPAF.

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 8. PENSION PLANS (CONT'D)**

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Three-Year Trend Information for PERS**

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$ 29,865	100 %	\$ 29,865
6/30/09	24,392	100	24,392
6/30/08	26,255	80	21,004

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$ 70,290	100 %	\$ 0
6/30/09	62,441	100	0
6/30/08	223,008	100	0

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$3,553 to the TPAF for Non-contributory Insurance and \$66,737 for post-retirement benefits and nothing for normal contribution on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$79,215 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

**NOTE 9. POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 10. COMPENSATED ABSENCES**

The School District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for 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 school district and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

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, 2010, there was no liability for compensated absences in the Food Service Fund.

**NOTE 11. DEFERRED COMPENSATION**

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is as follows:

Lincoln Investments  
Travelers Insurance Company

**NOTE 12. 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. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

There was an interfund balance of \$30,008 due from the Special Revenue Fund to the General fund, as shown on Exhibit B-1 at June 30, 2010.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$379,632 General Fund balance at June 30, 2010, \$16,878 is reserved for Capital Reserve; \$764 is reserved for Encumbrances; \$10,000 was reserved as Maintenance Reserve; 127,430 was reserved as excess surplus at June 30, 2010 in accordance with N.J.S.A. 18A:7F-7; (\$103,558 is reserved as excess surplus at June 30, 2010, which has been appropriated and included as anticipated revenue for the year ending June 30, 2011); \$40,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2010; and \$184,560 is unreserved and undesignated.

**Debt Service Fund** – The unreserved and undesignated Debt Service fund balance at June 30, 2010 is \$3.

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General 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, 2010 is \$127,430, of which \$23,872 must be budgeted in the 2011-12 budget. Pursuant to the provisions of Executive Order No. 14, \$0 of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2009-10 withholding of state aid.

**NOTE 16. LITIGATION**

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

**NOTE 17. DEFICIT FUND BALANCES**

The District has a deficit fund balance in the Special Revenue Fund of \$6,801 as of June 30, 2010 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties. The deficit of \$6,801 is equal to the 19<sup>th</sup> and 20<sup>th</sup> payments received in July 2010.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 17. DEFICIT FUND BALANCES (CONT'D)**

The District had an accumulated deficit of \$171,581 in the Investment in Capital Assets as of June 30, 2010. This deficit was the result of reflecting the balance of the bonded and capital lease debt as a reduction in the net capital assets. As expenditures are made from the capital projects fund, the deficit is eliminated. In addition, as bond principal is paid off and the reserve funds in the Capital project Fund are transferred into the capital net assets, there will be an increase of equity in capital assets, which will be offset over time by depreciation. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
Local Sources:					
Local tax levy	\$ 2,305,465		\$ 2,305,465	\$ 2,305,465	
Tuition from Individuals	41,900		41,900	36,364	(5,536)
Tuition from Other LEA'S				11,385	11,385
Interest on Capital Reserve	300		300	26	(274)
Interest on Investments				2,500	2,500
Miscellaneous	2,800		2,800	1,533	(1,267)
<b>Total - Local Sources</b>	<b>2,350,465</b>		<b>2,350,465</b>	<b>2,357,273</b>	<b>6,808</b>
State Sources:					
Categorical Transportation Aid	115,153		115,153	115,153	
Categorical Special Education Aid	93,138		93,138	93,138	
Categorical Security Aid	21,009		21,009	21,009	
Adjustment Aid	451,661		451,661	341,018	(110,643)
Additional Non-public Transportation Aid				282	282
On-Behalf TPAF Post Retirement Medical Contrib (non-budgeted)				66,737	66,737
On-Behalf TPAF Non-Contrib Insurance (non-budgeted)				3,553	3,553
Reimbursement TPAF Social Security (non-budgeted)				79,215	79,215
<b>Total - State Sources</b>	<b>680,961</b>		<b>680,961</b>	<b>720,105</b>	<b>39,144</b>
<b>TOTAL REVENUES</b>	<b>3,031,426</b>		<b>3,031,426</b>	<b>3,077,378</b>	<b>45,952</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	37,207		37,207	35,419	1,788
Kindergarten	71,159	2,094	73,253	72,773	480
Grades 1-5	399,247	919	400,166	398,532	1,634
Grades 6-8	253,202	14,194	267,396	266,381	1,015
Home instruction:					
Salaries of Teachers	500	(250)	250		250
Other Purchased Services		250	250	75	175
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	13,632	(3,013)	10,619	7,552	3,067
Purchased Technical Services	7,000	(3,300)	3,700	413	3,287
Other Purchased Services	19,800	3,300	23,100	19,530	3,570
General Supplies	37,704	3,700	41,404	37,876	3,528
Textbooks	20,000	5,950	25,950	25,182	768
Other Objects	1,000		1,000	875	125
<b>Total Regular Programs - Instruction</b>	<b>\$ 860,451</b>	<b>\$ 23,844</b>	<b>\$ 884,295</b>	<b>\$ 864,608</b>	<b>\$ 19,687</b>

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>EXPENDITURES:</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Special Education - Instruction:					
Multiple Disabilities					
Salaries of Teachers	\$	\$	\$	\$	\$
Other Salaries and Instruction					
General Supplies					
Text Books					
Total Multiple Disability					
Resource Room/ Resource Center					
Salaries of Teachers	159,400		159,400	159,200	200
Other Salaries and Instruction	49,224		49,224	48,504	720
General Supplies	1,000	5,450	6,450	6,188	262
Total Resource Room/Resource Center	209,624	5,450	215,074	213,892	1,182
Total Special Education - Instruction	209,624	5,450	215,074	213,892	1,182
Basic Skills/Remedial - Instruction					
Salaries of Teachers	3,300	(2,000)	1,300	1,100	200
Total Basic Skills/Remedial - Instruction	3,300	(2,000)	1,300	1,100	200
School Sponsored Co-curricular Activities					
Purchased Services					
Other Objects	2,000		2,000	1,163	837
Total School Sponsored Co-curricular Activities	2,000		2,000	1,163	837
Total Instruction	1,075,375	27,294	1,102,669	1,080,763	21,906
Undistributed Expenditures:					
Instruction					
Tuition - Other LEAs Within the State - Regular	516,491		516,491	516,491	
Tuition - Other LEAs Within the State - Special	56,550	(19,072)	37,478	37,478	
Tuition - Co Special Services/Reg Day Schools	4,282	4,944	9,226	948	8,278
Tuition - Private Schools/Disabled Within State	40,277	17,028	57,305	44,976	12,329
Total Instruction	617,600	2,900	620,500	599,893	20,607
Attendance and Social Work Services:					
Salaries					
Salaries of Drop-Out Prevention Officer/Coordina	13,054	(500)	12,554	12,554	
Total Attendance and Social Work Services	\$ 13,054	\$ (500)	\$ 12,554	\$ 12,554	\$

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>EXPENDITURES: (Continued)</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Undistributed Expenditures: (Continued)					
Health Services:					
Salaries	\$ 33,733	\$ 858	\$ 34,591	\$ 33,890	\$ 701
Purch Professional/Technical Services	4,000	(1,873)	2,127	232	1,895
Supplies and Materials	1,100	400	1,500	1,473	27
Total Health Services	<u>38,833</u>	<u>(615)</u>	<u>38,218</u>	<u>35,595</u>	<u>2,623</u>
Other Support Services-Students-Related Services:					
Purchased Professional/Educational Services	32,500	7,015	39,515	38,003	1,512
Supplies and Materials	500		500	403	97
Total Other Support Serv-Students-Related Services	<u>33,000</u>	<u>7,015</u>	<u>40,015</u>	<u>38,406</u>	<u>1,609</u>
Special Education - Extraordinary Services					
Salaries	40,452	5,819	46,271	27,512	18,759
Purchased Profess. Educ. Serv.	3,000	1,681	4,681	4,681	
Total Special Education - Extraordinary Services	<u>43,452</u>	<u>7,500</u>	<u>50,952</u>	<u>32,193</u>	<u>18,759</u>
Other Support Services - Students-Regular:					
Purchased Professional/Educational Services	3,075		3,075	1,593	1,482
Supplies and Materials	500		500		500
Total Other Support Services - Students - Regular	<u>3,575</u>		<u>3,575</u>	<u>1,593</u>	<u>1,982</u>
Other Support Services-Students-Special Services:					
Salaries of Other Professional Staff	11,912	(3,000)	8,912	6,318	2,594
Salaries of Secretarial and Clerical Assistants	5,316		5,316	5,316	
Purchased Professional/Educational Services	7,800	3,320	11,120	10,800	320
Miscellaneous Purchased Services	500	785	1,285	583	702
Supplies and Materials	1,000	(250)	750	474	276
Total Other Support Serv-Students-Special Services	<u>26,528</u>	<u>855</u>	<u>27,383</u>	<u>23,491</u>	<u>3,892</u>
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	4,900		4,900	4,513	387
Salaries of Secretarial and Clerical Assistants	17,063		17,063	17,063	
Other Purchased Services	1,200		1,200		1,200
Total Improv of Instruction Services	<u>23,163</u>		<u>23,163</u>	<u>21,576</u>	<u>1,587</u>
Educational Media Services/School Library:					
Salaries	62,056	(9,500)	52,556	38,084	14,472
Purchased Professional/Technical Services	2,300	1,000	3,300	1,764	1,536
Supplies and Materials	1,000	800	1,800	1,317	483
Total Educational Media Services/School Library	<u>\$ 65,356</u>	<u>\$ (7,700)</u>	<u>\$ 57,656</u>	<u>\$ 41,165</u>	<u>\$ 16,491</u>

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>EXPENDITURES: (Continued)</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Undistributed Expenditures: (Continued)					
Instructional Staff Training Services:					
Purchased Professional/Educational Services	\$ 3,000	\$ (2,000)	\$ 1,000	\$ 182	\$ 818
Other Purchased Services	3,333		3,333	1,262	2,071
Total Instructional Staff Training Services	6,333	(2,000)	4,333	1,444	2,889
Support Services - General Administration:					
Salaries	63,806	(2,000)	61,806	56,543	5,263
Legal Fees	100	2,000	2,100	570	1,530
Audit Fees	11,900	(700)	11,200	10,800	400
Other Purchased Professional Services	1,500	1,000	2,500	1,988	512
Communications/Telephone	6,000	100	6,100	4,191	1,909
Other Purchased Services	13,100	1,100	14,200	9,529	4,671
General Supplies	500		500	269	231
BOE In-House Training/Meeting Supplies	400		400		400
Miscellaneous Expenditures	4,000	(400)	3,600	3,314	286
BOE Membership Dues and Fees	4,000		4,000		4,000
Total Support Services - General Administration	105,306	1,100	106,406	87,204	19,202
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	42,140		42,140	38,815	3,325
Salaries of Secretarial/Clerical Assistants	5,996		5,996	5,596	400
Supplies and Materials	400	800	1,200	1,078	122
Total Support Services - School Administration	48,536	800	49,336	45,489	3,847
Central Services:					
Purchased Professional Services	69,000	1,069	70,069	70,069	
Purchased Technical Services	7,300	(1,069)	6,231	6,150	81
Miscellaneous Purchased Services	250	(100)	150		150
Supplies and Materials	2,000	400	2,400	2,283	117
Miscellaneous Expenditures	1,500	(300)	1,200		1,200
Total Central Services	\$ 80,050	\$	\$ 80,050	\$ 78,502	\$ 1,548

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

EXPENDITURES: (Continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Undistributed Expenditures: (Continued)					
Operation and Maintenance of Plant Services:					
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve	\$	\$	\$	\$	\$
Salaries	23,898		23,898	23,898	
Cleaning, Repair and Maintenance Services	7,500	1,256	8,756	7,286	1,470
General Supplies	5,000	(1,456)	3,544	3,292	252
Total Required Maintenance for School Facilities	36,398	(200)	36,198	34,476	1,722
Other Operation and Maintenance of Plant Services:					
Salaries	67,317		67,317	61,463	5,854
Purchased Professional/Technical Services	19,000	(1,394)	17,606	15,189	2,417
Cleaning, Repair and Maintenance Services	13,700	(2,300)	11,400	3,536	7,864
Insurance	17,000	(3,400)	13,600	11,781	1,819
Miscellaneous Purchased Services	1,000	(500)	500	165	335
General Supplies	5,000	3,000	8,000	7,821	179
Energy (Electricity)	36,000	(4,996)	31,004	30,589	415
Energy (Natural Gas)	27,000	1,500	28,500	27,790	710
Total Other Operation and Maint. of Plant Services	186,017	(8,090)	177,927	158,334	19,593
Total Operation and Maintenance of Plant Services	222,415	(8,290)	214,125	192,810	21,315
Student Transportation Services:					
Sal. For Pupil Trans (bet Home & School)- Reg	23,122		23,122	23,121	1
Other Purchased Prof. And Technical Serv.	15,708	(535)	15,173	15,068	105
Contracted Services (Home/School) Vendors	144,493		144,493	144,493	
Contracted Services (Not Home/School) Vendors	1,250		1,250	1,006	244
Contracted Services (Regular Students) ESC's	8,255	24,867	33,122	33,122	
Contracted Services (Special Education) ESC's	7,900	11,558	19,458	19,458	
Contracted Services - Aid in Lieu of Payments	10,730	(8,800)	1,930	1,774	156
Total Student Transportation Services	211,458	27,090	238,548	238,042	506
Unallocated Benefits:					
Social Security Contributions	25,000	7,543	32,543	32,153	390
Other Retirement Contributions - Regular	33,428	(593)	32,835	29,865	2,970
Unemployment Compensation	4,800	593	5,393	5,393	
Workmen's Compensation	19,500	(2,544)	16,956	13,481	3,475
Health Benefits	482,027	(46,749)	435,278	414,314	20,964
Tuition Reimbursement	6,350		6,350	6,203	147
Other Employee Benefits	5,000	(4,999)	1	1	
Total Unallocated Benefits	576,105	(46,749)	529,356	501,410	27,946
On-Behalf TPAF Post Retirem. Medical Contrib.(non-budgeted)				66,737	(66,737)
On-Behalf TPAF Non-Contrib. Insurance (non-budgeted)				3,553	(3,553)
Reimbursed TPAF Soc. Sec. Contrib. (non-budgeted)	\$	\$	\$	\$ 79,215	\$ (79,215)

**MANNINGTON TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Total Undistributed Expenditures	\$ 2,114,764	\$ (18,594)	\$ 2,096,170	\$ 2,100,872	\$ (4,702)
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<u>3,190,139</u>	<u>8,700</u>	<u>3,198,839</u>	<u>3,181,635</u>	<u>17,204</u>
<b>CAPITAL OUTLAY:</b>					
Interest Deposit to Capital Reserve					
Facilities Acquisition and Construction Services:					
Increase in Capital Reserve	300		300		300
<b>Total Facilities Acquisition and Construction Services</b>	<u>300</u>		<u>300</u>		<u>300</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>300</u>		<u>300</u>		<u>300</u>
<b>TOTAL EXPENDITURES</b>	<u>3,190,439</u>	<u>8,700</u>	<u>3,199,139</u>	<u>3,181,635</u>	<u>17,504</u>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	<u>(159,013)</u>	<u>(8,700)</u>	<u>(167,713)</u>	<u>(104,257)</u>	<u>63,456</u>
Other financing sources (uses):					
Transfer to Food Service	<u>(12,000)</u>		<u>(12,000)</u>	<u>(12,000)</u>	
<b>Total other financing sources</b>	<u>(12,000)</u>		<u>(12,000)</u>	<u>(12,000)</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(171,013)</u>	<u>(8,700)</u>	<u>(179,713)</u>	<u>(116,257)</u>	<u>63,456</u>
Fund Balances, July 1	561,611		561,611	561,611	
Fund Balances, June 30	<u>\$ 390,598</u>	<u>\$ (8,700)</u>	<u>\$ 381,898</u>	<u>\$ 445,354</u>	<u>\$ 63,456</u>
<b><u>RECAPITULATION :</u></b>					
<b>Reserved:</b>					
Encumbrances				\$ 764	
Capital Reserve				16,878	
Maintenance Reserve				10,000	
Excess Surplus				23,872	
Excess Surplus- Designated for Subsequent Year's Expenditures				103,558	
<b>Unreserved:</b>					
Designated for Subsequent Year's Expenditures				40,000	
Unrestricted Fund Balance				250,282	
				<u>445,354</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(65,722)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 379,632</u>	

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
Federal Sources	\$ 84,487	\$ 85,192	\$ 169,679	\$ 154,527	\$ 15,152
State Sources	68,010		68,010	68,010	
Other		1,000	1,000	1,000	
<b>Total Revenues</b>	<u>152,497</u>	<u>86,192</u>	<u>238,689</u>	<u>223,537</u>	<u>15,152</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	80,356	(3,638)	76,718	76,718	
Other Salaries for Instruction		345	345	345	
Other Purchased Services		11,033	11,033	5,182	5,851
Supplies and Materials		2,170	2,170	2,170	
General Supplies		12,000	12,000	10,845	1,155
<b>Total Instruction</b>	<u>80,356</u>	<u>21,910</u>	<u>102,266</u>	<u>95,260</u>	<u>7,006</u>
<b>Support Services</b>					
Salaries Other Professional	16,500		16,500	16,500	
Salaries Other Instruction		20,899	20,899	20,899	
Employee Benefits	100	5,853	5,953	5,953	
Purchased Professional/Technical Services	55,541	6,406	61,947	60,064	1,883
Other Purchased Services		1,451	1,451	1,451	
<b>Total Support Services</b>	<u>72,141</u>	<u>34,609</u>	<u>106,750</u>	<u>104,867</u>	<u>1,883</u>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment		29,673	29,673	23,410	6,263
<b>Total Facilities Acquisition and Constr. Serv.</b>		<u>29,673</u>	<u>29,673</u>	<u>23,410</u>	<u>6,263</u>
<b>Total Expenditures</b>	<u>152,497</u>	<u>86,192</u>	<u>238,689</u>	<u>223,537</u>	<u>15,152</u>
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<u>152,497</u>	<u>86,192</u>	<u>238,689</u>	<u>223,537</u>	<u>15,152</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**BUDGET-TO-GAAP RECONCILIATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Explanation of Differences between Budgetary Inflows and Outflows and  
 GAAP Revenues and Expenditures**

	<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 3,077,378		[C-2] \$ 223,537
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.	65,212		6,634
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(65,722)		(6,801)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>[B-2] \$ 3,076,868</u>		<u>[B-2] \$ 223,370</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,181,635		[C-2] \$ 223,537
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>[B-2] \$ 3,181,635</u>		<u>[B-2] \$ 223,537</u>

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**EXHIBIT E-1**  
(1)

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**SPECIAL REVENUE FUND - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)**

	NCLB					Sub-Total Per E-1(2) 2009-2010	Totals	
	Title I 2008-09 C/O	Title II A 2008-09	Title II A C/O	Title II D 2008-09	Title IV 2008-09		2010	2009
<b>REVENUES:</b>								
Federal Sources	\$ 29,026	\$ 1,174	\$ 2,677	\$ 3,079	\$ 562	\$ 117,719	\$ 154,527	\$ 109,243
State Sources						68,010	68,010	182,241
Other						1,000	1,000	3,000
Total Revenues	29,026	1,174	2,677	3,079	562	186,729	223,537	294,484
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	19,894				490	56,334	76,718	181,597
Salaries - Other Instructional						345	345	18,646
Other Purchased Services						4,182	4,182	5,101
General Supplies						14,015	14,015	17,788
Total Instruction	19,894				490	74,876	95,260	223,132
Support Services:								
Salaries - Other Professionals						37,399	37,399	
Employee Benefits	2,906				72	2,975	5,953	15,655
Purchased Professional/Technical	342	1,174	2,677	3,079	290	52,502	60,064	55,697
Other Professional Services	1,451						1,451	
Total Support Services	4,699	1,174	2,677	3,079	72	92,876	104,867	71,352
Facilities Acquisition/Construction:								
Instructional Equipment	4,433					18,977	23,410	
Total Facilities Acquisition/Construction	4,433					18,977	23,410	
Total Expenditures	\$ 29,026	\$ 1,174	\$ 2,677	\$ 3,079	\$ 562	\$ 186,729	\$ 223,537	\$ 294,484

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**SPECIAL REVENUE FUND - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)**

	REAP 2008-09	IDEA					ARRA Title - I	ARRA IDEA	ARRA IDEA-PS	Totals 2010
		Preschool Education Program	Basic Flow- Through	Pre- School	Rebel II	ARRA Title - I				
<b>REVENUES:</b>										
Federal Sources	\$ 15,372	\$	\$ 52,803	\$ 753	\$	\$ 6,216	\$ 40,990	\$ 1,585	\$ 117,719	
State Sources		68,010							68,010	
Other					1,000				1,000	
<b>Total Revenues</b>	<b>15,372</b>	<b>68,010</b>	<b>52,803</b>	<b>753</b>	<b>1,000</b>	<b>6,216</b>	<b>40,990</b>	<b>1,585</b>	<b>186,729</b>	
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of Teachers		51,510				4,824			56,334	
Salaries - Other Instructional	345								345	
Other Purchased Serv	4,182						2,170		4,182	
General Supplies	10,845				1,000				14,015	
<b>Total Instruction</b>	<b>15,372</b>	<b>51,510</b>			<b>1,000</b>	<b>4,824</b>	<b>2,170</b>		<b>74,876</b>	
Support Services:										
Salaries - Other Professionals		16,500	3,330				17,569		37,399	
Employee Benefits			666			965	1,344		2,975	
Purchased Professional/Technical			48,807	753		427	930	1,585	52,502	
<b>Total Support Services</b>		<b>16,500</b>	<b>52,803</b>	<b>753</b>		<b>1,392</b>	<b>19,843</b>	<b>1,585</b>	<b>92,876</b>	
Facilities Acquisition/Construction:										
Instructional Equipment							18,977		18,977	
<b>Total Facilities Acquisition/Construction</b>							<b>18,977</b>		<b>18,977</b>	
<b>Total Expenditures</b>	<b>\$ 15,372</b>	<b>\$ 68,010</b>	<b>\$ 52,803</b>	<b>\$ 753</b>	<b>\$ 1,000</b>	<b>\$ 6,216</b>	<b>\$ 40,990</b>	<b>\$ 1,585</b>	<b>\$ 186,729</b>	

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	\$ 51,510	\$ 51,510	
Total Instruction	<u>51,510</u>	<u>51,510</u>	
Support Services:			
Salaries - Other Professionals	<u>16,500</u>	<u>16,500</u>	
Total Expenditures	<u>\$ 68,010</u>	<u>\$ 68,010</u>	

**CALCULATION OF BUDGET & CARRYOVER**

Total 2008-09 Preschool Education Aid Allocation	\$ 68,010	(1)
Add: Actual ECPA Carryover ( June 30, 2008)		(2)
Add: Budgeted Transfer from General Fund 2008-09		(3)
Total Preschool Education Aid Funds Available for 2008-09 Budget	<u>68,010</u>	(4)
Less: 2008-09 Budgeted Preschool Education Aid and prior year budgeted (carryover)	<u>(68,010)</u>	(5)
Available & Unbudgeted Preschool education Aid Funds as of June 30, 2009	-	(6)
Add: June 30, 2009 Unexpended Preschool Education Aid	-	(7)
2008-09 Carryover - Preschool Education Aid	<u>\$ -</u>	(8)
2008-09 Preschool Education Aid Carryover Budgeted for Preschool programs 2009-10	<u>\$ -</u>	(9)

## **CAPITAL PROJECTS FUND DETAIL STATEMENT**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

EXHIBIT F-1

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30 2010</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Renovation of Mannington Elementary School	3/1/06	\$ 2,218,000	\$ 2,209,752	\$ 8,248	\$ -
Encumbrance Payable				\$ -	\$ -
Unexpended Capital Expenditures				\$ 8,248	\$ -
				\$ 8,248	\$ -

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Renovation of Mannington Elementary School:**

**Revenues and Other Financing Sources**

Interest on bank deposits	\$
Proceeds from Bond Sale	

Total Revenues and Other Financing Sources	-
--	---

**Expenditures and Other Financing Uses**

Purchased Professional and Technical Services	8,248
Construction Services	

Total Expenditures and Other Financing Uses	8,248
---	-------

Excess (Deficiency) of revenues Over (Under) Expenditures	(8,248)
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Fund Balance - Beginning	8,248
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Fund Balance - Ending	\$ -
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**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE**  
**AND PROJECT STATUS - BUDGETARY BASIS**  
**RENOVATION OF MANNINGTON ELEMENTARY SCHOOL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	<b>PRIOR PERIODS</b>	<b>CURRENT YEAR</b>	<b>TOTALS</b>	<b>REVISED AUTHORIZED COST</b>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 2,218,000	\$	\$ 2,218,000	\$ 2,218,000
<b>Total Revenues and Other Financing Sources</b>	2,218,000		2,218,000	2,218,000
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	215,812	8,248	224,060	266,170
Construction Services	1,993,940		1,993,940	1,951,830
<b>Total Expenditures and Other Financing Uses</b>	2,209,752	8,248	2,218,000	2,218,000
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ 8,248	\$ (8,248)	\$ -	\$ -

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bonds Authorized	\$ 2,218,000
Bonds Issued	2,218,000
Original Authorized Cost	2,218,000
Additional Authorized Cost	-
<b>Revised Authorized Cost</b>	<b>\$ 2,218,000</b>
Percentage Increase over Original Authorized Cost	0.0%
Percentage completion	100%
Original target completion date	9/15/06
Revised target completion date	9/15/06

## **PROPRIETARY FUND DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** – This fund provides for the operation of food services for the schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5  
AND B-6.**

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINED STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2010 AND 2009**

	<b>Food Service Fund</b>	<b>Total</b>	
		<b>2010</b>	<b>2009</b>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 31,110	\$ 31,110	\$ 22,238
Accounts Receivable:			
State	156	156	111
Federal	2,860	2,860	1,758
Inventories	90	90	426
Total Current Assets	<u>34,216</u>	<u>34,216</u>	<u>24,533</u>
Fixed Assets:			
Equipment	29,605	29,605	29,605
Accumulated Depreciation	(24,798)	(24,798)	(24,466)
Total Fixed Assets	<u>4,807</u>	<u>4,807</u>	<u>5,139</u>
Total Assets	<u>39,023</u>	<u>39,023</u>	<u>29,672</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Deferred Revenue			176
Total Current Liabilities			<u>176</u>
Total Liabilities			<u>176</u>
<b>NET ASSETS:</b>			
Investment in Fixed Assets	4,807	4,807	5,139
Unrestricted	34,216	34,216	24,357
Total Net Assets	<u>\$ 39,023</u>	<u>\$ 39,023</u>	<u>\$ 29,496</u>

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	<b>Food Service Fund</b>	<b>Total</b>	
		<b>2010</b>	<b>2009</b>
<b>OPERATING REVENUES:</b>			
Local Sources:			
Food Sales Reimbursable Programs	\$ 25,737	\$ 25,737	\$ 30,617
Food Sales Non-Reimbursable Programs	7,920	7,920	7,674
<b>Total Operating Revenue</b>	<b>33,657</b>	<b>33,657</b>	<b>38,291</b>
<b>OPERATING EXPENSES:</b>			
Cost of Sales	60,456	60,456	53,646
Salaries	18,665	18,665	17,410
Employee Benefits	1,428	1,428	1,334
Repairs and Maintenance	121	121	149
General Supplies	220	220	4,308
Depreciation	332	332	332
<b>Total Operating Expenses</b>	<b>81,222</b>	<b>81,222</b>	<b>77,179</b>
<b>Operating Income/(Loss)</b>	<b>(47,565)</b>	<b>(47,565)</b>	<b>(38,888)</b>
<b>NON-OPERATING REVENUES:</b>			
State Sources:			
State School Lunch Program	1,390	1,390	1,192
School Breakfast Program	614	614	338
Federal Sources:			
National School Lunch Program	28,696	28,696	19,893
School Breakfast Program	6,864	6,864	3,902
USDA Commodities	7,528	7,528	7,967
<b>Total Non-Operating Revenues</b>	<b>45,092</b>	<b>45,092</b>	<b>33,292</b>
<b>Change in net assets before operating transfers</b>			
In/(out)	(2,473)	(2,473)	(5,596)
<b>Operating Transfer In - General Fund</b>	<b>12,000</b>	<b>12,000</b>	<b>15,000</b>
<b>Net (Loss) Income</b>	<b>9,527</b>	<b>9,527</b>	<b>9,404</b>
<b>Net Assets - July 1</b>	<b>29,496</b>	<b>29,496</b>	<b>20,092</b>
<b>Net Assets - June 30</b>	<b>\$ 39,023</b>	<b>\$ 39,023</b>	<b>\$ 29,496</b>

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**AS OF JUNE 30, 2010**

	<u>Food Service Fund</u>	<u>Total</u>	
		<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ (47,565)	\$ (47,565)	\$ (38,888)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Depreciation	332	332	332
Change in Assets and Liabilities:			
Decrease/(Increase) in Accounts Receivable	(1,147)	(1,147)	932
Decrease/(Increase) in Inventory	336	336	45
Increase/(Decrease) in Deferred Revenue	(176)	(176)	(196)
Net Cash Used by Operating Activities	<u>(48,220)</u>	<u>(48,220)</u>	<u>(37,775)</u>
Cash Flows from Noncapital Financing Activities			
Operating Transfer In-General Fund	12,000	12,000	15,000
Cash Received from State and Federal Reimbursements	45,092	45,092	33,292
Net Cash Provided by Noncapital Financing Activities	<u>57,092</u>	<u>57,092</u>	<u>48,292</u>
Net Increase (Decrease) in Cash	8,872	8,872	10,517
Cash and Cash Equivalents, July 1	<u>22,238</u>	<u>22,238</u>	<u>11,721</u>
Cash and Cash Equivalents, June 30	<u>\$ 31,110</u>	<u>\$ 31,110</u>	<u>\$ 22,238</u>

## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

**Student Activity Fund** – This agency fund is used to account for student funds held at the schools.

**Payroll Fund** – This agency fund is used to account for the payroll transactions of the school district.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2010**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)**

	<u>Student</u> <u>Activity</u>	<u>Payroll</u>	<u>Total</u>	
			<u>2010</u>	<u>2009</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 8,644	\$ 13,653	\$ 22,297	\$ 29,555
Total Assets	<u>\$ 8,644</u>	<u>\$ 13,653</u>	<u>\$ 22,297</u>	<u>\$ 29,555</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Due to Student Groups	\$ 8,644	\$	\$ 8,644	\$ 16,452
Payroll Deductions and Withholdings				
Medical Reimbursement Plan		13,653	13,653	13,103
Total Liabilities	<u>\$ 8,644</u>	<u>\$ 13,653</u>	<u>\$ 22,297</u>	<u>\$ 29,555</u>

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Balance</u> <u>July 1,</u> <u>2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2010</u>
<b>Elementary School</b>	\$ 8,423	\$ 14,779	\$ 14,558	\$	\$ 8,644
Band Account					\$ 364
General					1,610
Playground					51
Smile Train					2
Box Tops					1,777
8th Grade					429
Interest and Other					4,411
<b>Total</b>					<u>\$ 8,644</u>

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 13,103	\$ 1,645,505	\$ 1,644,955	\$ 13,653
	<u>\$ 13,103</u>	<u>\$ 1,645,505</u>	<u>\$ 1,644,955</u>	<u>\$ 13,653</u>
<b>LIABILITIES:</b>				
Net Payroll	\$	\$ 911,333	\$ 911,333	\$
Payroll Deductions and Withholdings		716,586	716,586	
Medical Reimbursement Plan	13,103	17,586	17,036	13,653
Total Liabilities	<u>\$ 13,103</u>	<u>\$ 1,645,505</u>	<u>\$ 1,644,955</u>	<u>\$ 13,653</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF OBLIGATION UNDER SERIAL BONDS  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
Renovations to the Elementary School	3/1/06	\$ 2,218,000	3/1/11	\$ 80,000	4.182%				
			3/1/12	85,000					
			3/1/13	90,000					
			3/1/14	95,000					
			3/1/15	100,000					
			3/1/16	110,000					
			3/1/17	115,000					
			3/1/18	120,000					
			3/1/19	125,000					
			3/1/20	130,000					
			3/1/21	135,000					
			3/1/22	140,000					
			3/1/23-24	145,000					
			3/1/25	150,000					
			3/1/26	148,000					
						\$ 1,993,000	\$	80,000	\$ 1,913,000

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF OBLIGATION UNDER CAPITAL LEASE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Purpose	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate Payable	Amount Outstanding June 30, 2009	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2010
			Principal	Interest					
Roof Replacement Project	7/1/00	15 years	\$ 400,000	\$ 214,056	6.204%	\$ 192,344	\$ 27,434	\$ 164,910	
Total						\$ 192,344	\$ 27,434	\$ 164,910	

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources					
Local Tax Levy	\$ 121,173	\$	\$ 121,173	\$ 121,173	\$
State Sources	80,783		80,783	80,783	
Debt Service Aid - Type II	201,956		201,956	201,956	
<b>Total Revenues</b>					
<b>EXPENDITURES:</b>					
Regular Debt Service					
Redemption of Principal	107,434		107,434	107,434	
Interest	94,522		94,522	94,521	1
<b>Total Regular Debt Service</b>	201,956		201,956	201,955	1
<b>Total Expenditures</b>	201,956		201,956	201,955	1
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>				1	1
Fund Balance - July 1, 2009	2		2	2	
Fund Balance - June 30, 2010	2	\$	2	3	1

**STATISTICAL SECTION**

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**NET ASSETS BY COMPONENT**  
**LAST SEVEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30						
	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>							
Invested in Capital Assets, net of related debt	\$ (208,091)	\$ (204,125)	\$ (1,570,583)	\$ (278,802)	\$ (146,614)	\$ (99,512)	\$ (176,388)
Restricted	16,542	16,547	1,790,058	416,562	300,623	308,503	194,308
Unrestricted	473,048	462,684	27,309	214,224	213,443	137,058	110,390
<b>Total Governmental Activities Net assets</b>	<b>\$ 281,499</b>	<b>\$ 275,106</b>	<b>\$ 246,784</b>	<b>\$ 351,984</b>	<b>\$ 367,452</b>	<b>\$ 346,049</b>	<b>\$ 128,310</b>
<b>Business-Type Activities</b>							
Invested in Capital Assets, net of related debt	\$ 2,910	\$ 2,476	\$ 6,135	\$ 5,803	\$ 5,471	\$ 5,139	\$ 4,807
Unrestricted	10,493	7,226	4,823	8,668	14,621	24,357	34,216
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 13,403</b>	<b>\$ 9,702</b>	<b>\$ 10,958</b>	<b>\$ 14,471</b>	<b>\$ 20,092</b>	<b>\$ 29,496</b>	<b>\$ 39,023</b>
<b>District-Wide</b>							
Invested in Capital Assets, net of related debt	\$ (205,181)	\$ (201,649)	\$ (1,564,448)	\$ (272,999)	\$ (141,143)	\$ (94,373)	\$ (171,581)
Restricted	16,542	16,547	1,790,058	416,562	300,623	308,503	194,308
Unrestricted	483,541	469,910	32,132	222,892	228,064	161,415	144,606
<b>Total District-Wide Net Assets</b>	<b>\$ 294,902</b>	<b>\$ 284,808</b>	<b>\$ 257,742</b>	<b>\$ 366,455</b>	<b>\$ 387,544</b>	<b>\$ 375,545</b>	<b>\$ 167,333</b>

Source: CAFR Schedule A-1

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30						
	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>							
<b>Governmental activities</b>							
Instruction							
Regular	\$ 841,653	\$ 845,192	\$ 868,918	\$ 936,682	\$ 982,172	\$ 1,021,115	\$ 1,021,209
Special Education	264,994	323,513	288,348	191,799	198,951	208,938	226,452
Other Special Education		3,300	3,346	2,062	3,300	3,300	1,100
Other Instruction	2,597	3,501	1,131	5,601	8,156	719	1,531
Support Services							
Tuition	549,375	550,920	594,159	519,311	563,281	531,577	599,893
Student and Instruction Related Services	136,391	136,486	169,393	257,862	268,909	292,475	323,817
General Administrative Services	125,024	214,395	104,011	104,069	96,244	95,053	94,020
School Administrative Services	134,009	63,292	52,871	52,566	46,614	48,590	48,931
Central Services			71,512	68,125	75,219	74,448	82,963
Plant Operations and Maintenance	179,354	179,101	177,872	172,627	179,771	205,318	204,116
Pupil Transportation	137,364	140,621	188,861	198,814	198,204	211,450	238,042
Employee Benefits	581,913	600,746	646,710	721,648	784,334	646,696	673,578
Amortization of Debt Issue Costs			1,789	1,789	1,789	1,789	1,789
Interest on Long-Term Debt	20,249	19,062	48,333	105,633	101,421	96,477	91,704
<b>Total Governmental Activities Expense</b>	<b>2,972,923</b>	<b>3,080,129</b>	<b>3,217,254</b>	<b>3,338,588</b>	<b>3,508,365</b>	<b>3,437,945</b>	<b>3,609,145</b>
<b>Business-Type Activities</b>							
Food Service	67,162	67,129	68,471	68,026	78,045	77,179	81,222
<b>Total Business-type Activities Expense</b>	<b>67,162</b>	<b>67,129</b>	<b>68,471</b>	<b>68,026</b>	<b>78,045</b>	<b>77,179</b>	<b>81,222</b>
<b>Total District Expenses</b>	<b>\$ 3,040,085</b>	<b>\$ 3,147,258</b>	<b>\$ 3,285,725</b>	<b>\$ 3,406,614</b>	<b>\$ 3,586,410</b>	<b>\$ 3,515,124</b>	<b>\$ 3,690,367</b>
<b>Program Revenues</b>							
<b>Governmental Activities</b>							
Charge for Services							
Instruction (Tuition)	\$ 39,528	\$ 238,166	\$ 65,103	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	189,387	216,969	303,695	591,753	595,107	325,358	349,632
<b>Total Governmental Activities Program Revenues</b>	<b>228,915</b>	<b>455,135</b>	<b>368,798</b>	<b>591,753</b>	<b>595,107</b>	<b>325,358</b>	<b>349,632</b>
<b>Business-Type Activities</b>							
Charges for Services							
Food Service	27,640	29,648	27,480	28,772	35,105	38,291	33,657
Operating Grants and Contributions	24,967	23,780	26,353	27,767	33,561	33,292	45,092
<b>Total Business-Type Activities Program Revenues</b>	<b>52,607</b>	<b>53,428</b>	<b>53,833</b>	<b>56,539</b>	<b>68,666</b>	<b>71,583</b>	<b>78,749</b>
<b>Total District Program Revenues</b>	<b>\$ 281,522</b>	<b>\$ 508,563</b>	<b>\$ 422,631</b>	<b>\$ 648,292</b>	<b>\$ 663,773</b>	<b>\$ 396,941</b>	<b>\$ 428,381</b>
<b>Net (Expense) Revenues</b>							
<b>Governmental Activities</b>	<b>\$ (2,744,008)</b>	<b>\$ (2,624,994)</b>	<b>\$ (2,848,456)</b>	<b>\$ (2,746,835)</b>	<b>\$ (2,913,258)</b>	<b>\$ (3,112,587)</b>	<b>\$ (3,259,513)</b>
<b>Business-Type Activities</b>	<b>(14,555)</b>	<b>(13,701)</b>	<b>(14,638)</b>	<b>(11,487)</b>	<b>(9,379)</b>	<b>(5,596)</b>	<b>(2,473)</b>
<b>Total District-Wide Net Expenses</b>	<b>\$ (2,758,563)</b>	<b>\$ (2,638,695)</b>	<b>\$ (2,863,094)</b>	<b>\$ (2,758,322)</b>	<b>\$ (2,922,637)</b>	<b>\$ (3,118,183)</b>	<b>\$ (3,261,986)</b>
<b>General Revenues and Other Changes in Net Assets</b>							
<b>Governmental Activities</b>							
Property Taxes Levied for General Purpose, net	\$ 1,807,022	\$ 1,764,193	\$ 1,870,090	\$ 2,052,703	\$ 2,131,540	\$ 2,216,802	\$ 2,305,465
Taxes Levied for Debt Service	23,621	23,619	23,621	123,574	121,775	119,974	121,173
Unrestricted Grants and Contributions	488,101	509,892	763,050	607,690	625,551	714,275	673,116
Restricted Grants, Tuition and Contributions	314,228	317,512					
Tuition	120,897		98,772	35,460	34,803	48,768	47,749
Investment Earnings	3,575	12,101	57,037	57,579	28,641	5,781	2,526
Miscellaneous Income	5,860	885	1,853	6,494	1,416	584	2,533
Transfers	(16,000)	(10,000)	(12,000)	(15,000)	(15,000)	(15,000)	(12,000)
Fixed Assets Adjustments		399	17,711	(16,465)			(98,788)
<b>Total Governmental Activities</b>	<b>2,747,304</b>	<b>2,618,601</b>	<b>2,820,134</b>	<b>2,852,035</b>	<b>2,928,726</b>	<b>3,091,184</b>	<b>3,041,774</b>
<b>Business-Type Activities</b>							
Fixed Asset Adjustments			3,894				
Transfers	16,000	10,000	12,000	15,000	15,000	15,000	12,000
<b>Total Business-Type Activities</b>	<b>16,000</b>	<b>10,000</b>	<b>15,894</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>12,000</b>
<b>Total District-Wide</b>	<b>\$ 2,763,304</b>	<b>\$ 2,628,601</b>	<b>\$ 2,836,028</b>	<b>\$ 2,867,035</b>	<b>\$ 2,943,726</b>	<b>\$ 3,106,184</b>	<b>\$ 3,053,774</b>
<b>Change in Net Assets</b>							
<b>Governmental Activities</b>	<b>\$ 3,296</b>	<b>\$ (6,393)</b>	<b>\$ (28,322)</b>	<b>\$ 105,200</b>	<b>\$ 15,468</b>	<b>\$ (21,403)</b>	<b>\$ (217,739)</b>
<b>Business-Type Activities</b>	<b>1,445</b>	<b>(3,701)</b>	<b>1,256</b>	<b>3,513</b>	<b>5,621</b>	<b>9,404</b>	<b>9,527</b>
<b>Total District-Wide</b>	<b>\$ 4,741</b>	<b>\$ (10,094)</b>	<b>\$ (27,066)</b>	<b>\$ 108,713</b>	<b>\$ 21,089</b>	<b>\$ (11,999)</b>	<b>\$ (208,212)</b>

Source: CAFR Schedule A-2

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST SEVEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	\$ 423,537	\$ 373,145	\$ 392,330	\$ 335,105	\$ 295,003	\$ 308,955	\$ 155,072
Unreserved	98,566	139,265	78,687	228,405	254,673	187,444	224,560
<b>Total General Fund</b>	<b>\$ 522,103</b>	<b>\$ 512,410</b>	<b>\$ 471,017</b>	<b>\$ 563,510</b>	<b>\$ 549,676</b>	<b>\$ 496,399</b>	<b>\$ 379,632</b>
All Other Governmental Funds							
Reserved	\$	\$	\$	\$	\$	\$	\$
Unreserved, Reported in:							
Special Revenue Fund	(7,672)	(7,672)	(7,672)	(7,671)	(8,546)	(6,634)	(6,801)
Capital Projects Fund			1,398,338	105,733	19,588	8,248	
Debt Service Fund	1				2	2	3
<b>Total All Other Governmental Funds</b>	<b>\$ (7,671)</b>	<b>\$ (7,672)</b>	<b>\$ 1,390,666</b>	<b>\$ 98,062</b>	<b>\$ 11,044</b>	<b>\$ 1,616</b>	<b>\$ (6,798)</b>

Source: CAFR Schedule B-1

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS**

	Fiscal Year Ending June 30						
	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>							
Tax Levy	\$ 1,830,643	\$ 1,787,812	\$ 1,893,711	\$ 2,176,277	\$ 2,253,315	\$ 2,336,776	\$ 2,426,638
Tuition Charges	120,897	153,555	98,772	35,460	34,803	48,768	47,749
Interest Earnings	3,575	12,101	57,037	57,579	28,641	5,781	2,526
Miscellaneous	5,860	885	1,853	14,994	4,416	6,173	2,533
State Sources	856,792	911,670	931,953	1,070,187	1,108,415	923,030	868,221
Federal Sources	134,924	132,703	134,792	120,756	109,243	115,603	154,527
<b>Total Revenues</b>	<b>2,952,691</b>	<b>2,998,726</b>	<b>3,118,118</b>	<b>3,475,253</b>	<b>3,538,833</b>	<b>3,436,131</b>	<b>3,502,194</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction	827,017	831,434	860,055	902,798	947,361	984,633	959,868
Special Education Instruction	222,592	237,817	222,638	184,861	191,823	201,468	213,892
Other Special Instruction		3,300	3,300	2,062	3,300	3,300	1,100
Other instruction	2,368	3,286	1,131	5,398	7,947	500	1,163
<b>Support Services</b>							
Tuition	549,375	550,920	594,159	519,311	563,281	531,577	599,893
Student and Instruction Related Services	133,496	133,765	167,659	248,534	259,326	282,432	306,931
General administration			102,946	100,304	92,376	90,999	87,204
School Administrative Services	122,156	60,595	52,330	50,665	44,661	46,543	45,489
Other Administrative Services	131,141	211,698					
Central Services			70,780	65,661	72,688	71,795	78,502
Plant Operations and Maintenance	178,527	178,324	176,051	166,382	173,355	198,594	192,810
Pupil Transportation	137,364	140,621	188,861	198,814	198,204	211,450	238,042
Employee Benefits	580,763	597,846	656,735	717,013	768,044	644,626	656,868
Capital Outlay		9,448	831,161	1,292,605	99,364	15,963	31,658
<b>Debt Service</b>							
Principal	19,118	20,304	21,564	97,902	99,323	100,831	107,434
Interest and Other Charges	20,249	19,062	17,803	108,054	103,632	99,125	94,521
<b>Total Expenditures</b>	<b>2,924,166</b>	<b>2,998,420</b>	<b>3,967,173</b>	<b>4,660,364</b>	<b>3,624,685</b>	<b>3,483,836</b>	<b>3,615,375</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>28,525</b>	<b>306</b>	<b>(849,055)</b>	<b>(1,185,111)</b>	<b>(85,852)</b>	<b>(47,705)</b>	<b>(113,181)</b>
<b>Other Financing Sources (Uses)</b>							
Bond Proceeds			2,218,000				
Transfers Out	(16,000)	(10,000)	(12,000)	(15,000)	(15,000)	(15,000)	(12,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(16,000)</b>	<b>(10,000)</b>	<b>2,206,000</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(12,000)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 12,525</b>	<b>\$ (9,694)</b>	<b>\$ 1,356,945</b>	<b>\$ (1,200,111)</b>	<b>\$ (100,852)</b>	<b>\$ (62,705)</b>	<b>\$ (125,181)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.0%</b>	<b>4.4%</b>	<b>5.6%</b>	<b>5.7%</b>	<b>5.6%</b>

Source: CAFR Schedule B-2

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Misc.</u>	<u>Total</u>
2010	\$ 2,526	\$ 47,749	\$ 1,533	51,808
2009	5,781	48,768	5,173	59,722
2008	28,641	34,803	1,416	64,860
2007	47,747	35,460	14,994	98,201 *
2006	35,815	98,772	2,379	136,966
2005	12,101	153,555	885	166,541
2004	3,575	120,897	5,860	130,332
2003	5,866	145,845	2,096	153,807
2002	14,226	90,020	4,109	108,355
2001	43,044	135,740	7,771	186,555

\* Excludes Capital Project Interest of \$9,832

Source: District Records

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual County Equalized Value
2010	\$ 4,397,400	\$ 71,794,100	\$ 46,640,600	\$ 7,667,000	\$ 44,902,300	\$ 41,984,600	\$	\$ 217,386,000	\$ 921,836	\$ 218,307,836	1.117	\$ *214,300,000
2009	4,410,700	70,180,800	47,490,900	7,827,900	45,095,300	41,984,600		216,990,200	941,055	217,931,255	1.115	214,196,524
2008	3,672,000	68,437,300	47,239,500	7,592,600	45,095,300	52,645,400		224,682,100	866,372	225,548,472	1.037	211,143,852
2007	3,587,000	68,537,100	45,892,800	7,591,300	45,123,000	52,645,400		223,376,600	795,516	224,172,116	1.005	206,255,965
2006	3,490,500	67,886,000	45,199,600	7,609,500	45,275,000	52,645,400		222,106,000	795,516	222,901,516	1.523	192,254,545
2005	1,464,400	36,980,900	25,433,100	4,968,200	26,732,900	28,112,200		123,691,700	629,829	124,321,529	1.440	186,676,275
2004	1,755,000	35,980,000	25,255,800	4,948,300	26,802,200	28,112,200		122,853,500	739,992	123,593,492	1.447	173,252,715
2003	1,911,800	35,908,100	24,497,300	4,938,900	26,775,800	28,109,700		122,141,600	692,467	122,834,067	1.491	148,446,281
2002	1,663,800	35,750,500	24,201,400	4,977,700	8,619,000	28,109,700		103,322,100	722,436	104,044,536	1.589	141,537,123
2001	1,696,700	35,100,600	23,634,500	5,024,000	8,543,400	28,109,700		102,108,900	839,685	102,948,585	1.510	134,939,738

Source: District records Tax list summary & Municipal Tax Assessor

**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

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

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

\* Estimate

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate Per \$100 of Assessed Value)**

Year Ended June 30,	Mannington Township Board of Education			Overlapping Rates			
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Mannington Township	Salem County	REAP CREDIT	Total
2010	\$ 1.061	\$ 0.056	\$ 1.117	\$ 0.288	\$ 0.855	\$	\$ 2.260
2009	1.058	0.057	1.115	0.273	0.872	-0.017	2.243
2008	0.981	0.056	1.037	0.229	0.894		2.160
2007	0.948	0.057	1.005	0.209	0.807	-0.066	1.955
2006	1.504	0.019	1.523	0.105	1.454		3.082
2005	1.421	0.019	1.440	0.100	1.240		2.780
2004	1.428	0.019	1.447	0.095	1.239	-0.147	2.634
2003	1.485	0.006	1.491	0.095	1.391	-0.135	2.842
2002	1.546	0.043	1.589	0.098	1.349		3.036
2001	1.452	0.058	1.510	0.097	0.948		2.555

Source: District Records and Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation

**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.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2009*		2001	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mannington Mills, Inc.	\$ 42,902,100	19.69%	\$	
Memorial Hospital of Salem	35,688,100	16.38%		
Four B's	1,875,000	0.86%		
Individual Taxpayer #1	1,553,600	0.71%		
Individual Taxpayer #2	1,327,000	0.61%		
Salem Farms	1,287,400	0.59%		
LAM Services LLC	1,278,900	0.59%		
Marino Brothers	1,167,800	0.54%	<b>Not Available</b>	
ACJM & M Enterprises	1,000,000	0.46%		
Waldac Farms Inc.	959,200	0.44%		
Verizon New Jersey	941,055	0.43%		
<b>Total</b>	<b>\$ 89,980,155</b>	<b>41.29%</b>	<b>\$ -</b>	<b>-</b>

Source: District CAFR & Municipal Tax Assessor

\* 2010 Not available at time of Audit

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the Fiscal</u> <u>Year</u>	<u>Collected Within the Fiscal</u> <u>Year of the Levy</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>% of Levy</u>	
2010	\$ 2,426,638	\$ 2,426,638	100%	\$
2009	2,336,776	2,336,776	100%	
2008	2,253,315	2,253,315	100%	
2007	2,176,547	2,176,547	100%	
2006	1,893,711	1,893,711	100%	
2005	1,787,812	1,787,812	100%	
2004	1,830,643	1,830,643	100%	
2003	1,653,771	1,653,771	100%	
2002	1,554,108	1,554,108	100%	
2001	1,521,755	1,521,755	100%	

Source: District records including the Certificate and Report of School Taxes (A4F)

**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, the amount voted upon or certified prior to the end of school year.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2010	\$ 1,913,000	\$ 164,910	\$	\$	\$ 2,077,910	3.40%	\$ 1,375 *
2009	1,993,000	192,344			2,185,344	3.68%	1,443
2008	2,068,000	218,175			2,286,175	4.07%	1,551
2007	2,143,000	242,498			2,385,498	4.38%	1,581
2006	2,218,000	265,400			2,483,400	4.84%	1,701
2005		286,964			286,964	0.57%	190
2004		(92,732)			(92,732)	-0.19%	(64)
2003		(73,614)			(73,614)	-0.16%	(50)
2002		(55,613)			(55,613)	-0.13%	(38)
2001		(38,663)			(38,663)	-0.09%	(27)

\* Estimate

Source: District CAFR Schedules I-1, I-2

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 1,913,000	\$	\$ 1,913,000	0.876%	\$ 1,229 *
2009	1,993,000		1,993,000	0.915%	1,281
2008	2,068,000		2,068,000	0.917%	1,326
2007	2,143,000		2,143,000	0.956%	1,379
2006	2,218,000		2,218,000	0.995%	1,429
2005				0.00%	
2004				0.00%	
2003				0.00%	
2002				0.00%	
2001				0.00%	

\* Estimate

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-13.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Township of Mannington	\$ 522,900	100%	\$ 522,900
<b>Other debt</b>			
County of Salem - Township's share	36,858,500	3.70%	1,363,702
Subtotal, Overlapping Debt			<u>1,886,602</u>
<b>Mannington Township School District Direct Debt</b>			<u>2,077,910</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 3,964,512</u></u>

**Sources:** Mannington Township Finance Officer and Salem 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 Mannington. 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.

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2010**

Equalized Valuation Basis	
2009 \$	206,127,292
2008	216,301,996
2007	205,460,449
<b>[A] \$</b>	<b>627,889,737</b>
Average Equalized Valuation of Taxable Property	<b>[A/3] \$ 209,296,579</b>
Debt Limit (3% of Average Equalization Value)	<b>[B] 6,278,897<sup>a</sup></b>
Net Bonded School Debt	<b>[C] 1,913,000</b>
Legal Debt Margin	<b>[B-C] \$ 4,365,897</b>

**FISCAL YEAR**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 3,373,957	\$ 3,588,548	\$ 3,889,390	\$ 4,249,231	\$ 4,632,361	\$ 5,083,753	\$ 5,470,602	\$ 5,792,679	\$ 6,088,936	\$ 6,278,897
Total Net Debt Applicable to Limit	-	-	-	-	-	2,218,000	2,143,000	2,068,000	1,993,000	1,913,000
Legal Debt Margin	\$ 3,373,957	\$ 3,588,548	\$ 3,889,390	\$ 4,249,231	\$ 4,632,361	\$ 2,865,753	\$ 3,327,602	\$ 3,724,679	\$ 4,095,936	\$ 4,365,897
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	-	-	-	-	-	44%	39%	36%	33%	30%

Source: Abstract of Rates and District Records CAFR Schedule J-7

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2009	1,556	\$ 61,066,916	\$ 39,246 **	7.60%
2008	1,560	59,440,680	38,103	4.40%
2007	1,554	56,161,560	36,140	3.50%
2006	1,552	54,521,760	35,130	3.50%
2005	1,541	51,273,693	33,273	3.50%
2004	1,534	50,319,802	32,803	3.40%
2003	1,530	47,833,920	31,264	5.80%
2002	1,533	46,250,610	30,170	7.20%
2001	1,521	44,477,082	29,242	6.69%
2000	1,527	42,415,479	27,777	4.90%

**Source:**

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

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

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

\*\* Estimate

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2009*</u>			<u>2000</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Mannington Mills, Inc	700	1	40.00%		
Memorial Hospital of Salem	570	2	32.57%		
Salem County Correctional Fac.	168	3	9.60%		
Salem County VoTech School	160	4	9.14%	Not Available	
Salem County Nursing Home	119	5	6.80%		
Mannington Twp School	33	6	1.89%		
	<u>1,750</u>		<u>100.00%</u>		

\* 2010 Not available at time of Audit

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST NINE FISCAL YEARS**

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction									
Regular	10.0	10.0	10.0	10.0	10.0	13.3	14.5	14.8	15.2
Special education	4.0	4.0	4.0	4.0	3.0	2.0	2.0	2.0	2.0
Other special education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vocational	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other instruction	6.0	6.0	5.0	5.0	5.0	6.5	6.5	7.0	7.0
Nonpublic school programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult/continuing education programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:									
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & instruction related services	6.5	9.0	7.0	7.0	6.0	1.5	0.8	0.8	0.8
General administrative services	4.5	4.5	4.5	4.5	4.5	2.5	2.5	2.5	2.5
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business administrative services	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plant operations and maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	0.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5
Totals	34.5	39.0	35.0	35.0	33.0	30.3	30.3	31.1	31.5

Source: District Personnel Records

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) <sup>c</sup>	Attendance (ADA) <sup>c</sup>		
2001	197	\$ 2,342,614	\$ 11,891	13.87%	19.0	1:11	196.8	188.0	0.76%	95.53%
2002	193	2,554,022	13,233	11.28%	19.0	1:10	192.7	185.0	-2.08%	96.00%
2003	185	2,649,879	14,324	8.24%	20.0	1:09	185.6	178.8	-3.68%	96.34%
2004	177	2,884,799	16,298	13.79%	21.0	1:09	176.8	170.5	-4.74%	96.44%
2005	182	2,959,054	16,259	-0.24%	21.0	1:10	181.6	174.5	2.71%	96.09%
2006	159	3,168,921	19,930	22.58%	21.0	1:13	159.3	153.6	-12.28%	96.42%
2007	153	3,176,803	20,763	4.18%	21.0	1:13	153.9	147.8	-3.39%	96.04%
2008	174	3,337,366	19,180	-7.62%	21.0	1:12	172.2	164.7	11.89%	95.64%
2009	175	3,282,917	18,760	-2.19%	21.0	1:12	172.3	165.2	0.06%	95.88%
2010	188	3,393,762	18,052	-3.77%	21.0	1:11	190.3	181.6	10.45%	95.43%

Sources: District records, ASSA.

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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).

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>District Building</u>										
<u>Elementary</u>										
Mannington Township School(19..)	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318	27,318
Square Feet	300	300	300	300	300	300	300	300	300	300
Capacity (students)	197	193	186	177	182	159	153	174	175	188
Enrollment										

Number of Schools at June 30, 2009  
 Elementary = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

MANNINGTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES FOR SCHOOL FACILITIES  
LAST NINE FISCAL YEARS  
 (UNAUDITED)

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

School Facilities	Gross Square Footage	2010	2009	2008	2007	2006	2005	2004	2003	2002 *
Mannington Township School	27,318	\$ 34,476	\$ 16,116	\$ 5,792	\$ 7,744	\$ 15,518	\$ 31,240	\$ 21,689	\$ 20,369	\$ 50,155
Total School Facilities	34,476	16,116	5,792	7,744	15,518	31,240	21,689	20,369	50,155	50,155
Other Facilities										
Grand Total		\$ 34,476	\$ 16,116	\$ 5,792	\$ 7,744	\$ 15,518	\$ 31,240	\$ 21,689	\$ 20,369	\$ 50,155

\* Data not available for FY 2001

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
***(UNAUDITED)***

<b>Company</b>	<b>Type of Coverage</b>	<b>Coverage</b>	<b>Deductible</b>
<b>New Jersey School Boards Association Insurance Group</b>	Blanket Building & Personal Property	\$ 4,836,404	\$ 1,000
	Commercial General Liability	6,000,000	
	Commercial Inland Marine	268,025	1,000
	Boiler and Machinery	100,000,000	1,000
	Commercial Crime	100,000	1,000
	Legal Liability	5,000,000	5,000
	Business Automobile	6,000,000	1,000
	Workers' Compensation	2,000,000	
<b>Markel Insurance Company</b>	Compulsory Student Accident	25,000	
	Catastrophic Student Accident Coverage		
	Maximum Benefit per Participant	2,000,000	
	Cash Benefit - Maximum Benefit	500,000	
<b>The Ohio Casualty Insurance Company</b>	Surety Bonds		
	Treasurer	150,000	
	Board Secretary/Business Administrator	50,000	

**SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
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September 14, 2010

## 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

The Honorable President and  
Members of the Board of Education  
Mannington Township School District  
County of Salem, New Jersey 08079

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Board of Education of the Mannington Township School District's basic financial statements and have issued our report thereon dated September 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mannington Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures 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 Mannington Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mannington Township Board of Education's internal control over financial reporting.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Mannington Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. However, we noted an immaterial matter that we reported to the Board of Education of the Mannington Township School district in a separate report entitled, *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated September 14, 2010.

This report is intended solely for the information and use of the audit committee, management, the Mannington Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

# NIGHTLINGER, COLAVITA & VOLPA

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September 14, 2010

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and  
Members of the Board of Education  
Mannington Township School District  
County of Salem, New Jersey 08079

### Compliance

We have audited the compliance of the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2010. The Mannington Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Mannington Township Board of Education's management. Our responsibility is to express an opinion on the Mannington Township Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Mannington Township Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Mannington Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Mannington Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2010.

## **Internal Control Over Compliance**

Management of the Mannington Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Mannington Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey's OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mannington Township School District's Board of Education's internal control over compliance.

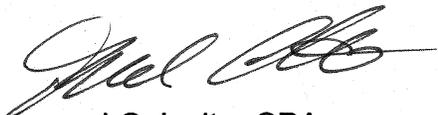
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Mannington Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

**TOWNSHIP OF MANNINGTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2009		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjust- ments Balances	Repayment of Prior Years' Balances	Balance at June 30, 2010	
					Accounts Receivable	Deferred Revenue						Accounts Receivable	Deferred Revenue
U.S. Department of Education													
General Fund:													
Total General Fund													
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
Title I, Part A	84.010A	NCLB - 295008	\$29,026	9/1/09	8/31/10			\$26,093	(\$29,026)			(\$2,933)	
Title I, Part A C/O	84.010A	NCLB - 295008	\$34,121	9/1/08	8/31/09		\$1,174		(1,174)				
Title I, Part A	84.010A	NCLB - 295009	\$33,405	9/1/08	8/31/09		(13,222)						
ARRA - Title 1A	84.389	ARRA - 295010	\$6,216	9/1/09	8/31/10			14,396					
ARRA - IDEA	84.391	ARRA - 295010	\$43,923	9/1/09	8/31/10				(6,216)			(6,216)	
ARRA - IDEA PS	84.392	ARRA - 295010	\$1,585	9/1/09	8/31/10				(40,990)			(40,990)	
Title II, Part A	84.367A	NCLB - 295010	4,560	9/1/09	8/31/10				(1,585)			(1,585)	
Title II, Part A	84.367A	NCLB - 295009	7,167	9/1/08	8/31/09		(4,088)		(2,677)			(7,167)	
Title II, Part D Technology	84.318X	NCLB - 295010	290	9/1/09	8/31/10			2,677	(3,079)				
Title II, Part D Technology	84.318X	NCLB - 295009	278	9/1/08	8/31/09		(208)	290	(290)				
Title IV - Safe and Drug Free	84.186A	NCLB - 295010	562	9/1/09	8/31/10			374	(562)			(208)	
Title IV - Safe and Drug Free	84.186A	NCLB - 295009	648	9/1/08	8/31/09		(368)	220				(188)	
I.D.E.A. Part B, Basic Regular	84.027	FT-295010	52,803	9/1/09	8/31/10			52,803	(52,803)				
I.D.E.A. Part B, Basic Regular	84.027	FT-295009	52,892	9/1/08	8/31/09		(9,754)	9,754					
I.D.E.A. Part B, Pre-School	84.173	PS-295010	753	9/1/09	8/31/10			753	(753)				
REAP	84.358B	S358A043425	22,378	9/1/09	8/31/10			16,302	(15,372)				\$930
Total Special Revenue Fund						(27,640)	0	123,662	(154,527)			(59,435)	930
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
Food Distribution Program	10.550	N/A	7,771	7/1/08	6/30/09								
Food Distribution Program	10.550	N/A	7,352	7/1/09	6/30/10			7,352	(\$176)				
National School Breakfast Program	10.553	N/A	3,902	7/1/08	6/30/09		(312)	312	(7,352)				
National School Breakfast Program	10.553	N/A	6,864	7/1/09	6/30/10			6,346				(\$518)	
National School Lunch Program	10.555	N/A	19,893	7/1/08	6/30/09		(1,446)	1,446					
National School Lunch Program	10.555	N/A	28,696	7/1/09	6/30/10			26,354	(28,696)			(2,342)	
ARRA - National School Lunch Program	10.579	N/A		4/1/09	9/30/10								
Total Enterprise Fund						(1,758)	176	41,810	(43,088)			(2,860)	0
Total Federal Financial Assistance						(\$29,398)	\$176	\$165,472	(\$197,615)			(\$62,295)	\$930

See accompanying notes to schedules of financial assistance

**TOWNSHIP OF MANNINGTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

State Grantor/Program Title	Project Number	Grant or State Award Amount	Grant Period From To	Balance at June 30, 2009	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adj	Balances at June 30, 2010			MEMO
									(Accounts Receivable)	Deferred Revenue/	Due to Grantor	
State Department of Education												
General Fund:												
Transportation Aid	10-495-034-5120-014	\$115,153	7/1/09 6/30/10			\$104,039	(\$115,153)					\$115,153
Special Education Categorical Aid	10-495-034-5120-089	93,138	7/1/09 6/30/10			84,149	(93,138)					93,138
Security Aid	10-495-034-5120-084	21,009	7/1/09 6/30/10			18,981	(21,009)					21,009
Adjustment Aid	10-495-034-5120-085	341,018	7/1/09 6/30/10			297,427	(341,018)					341,018
Non-Public Transportation Aid	09-495-034-5120-014	1,488	7/1/08 6/30/09	(\$1,488)		1,488						
	10-495-034-5120-014	282	7/1/09 6/30/10				(282)					282
On Behalf TPAF Non-Contributory Ins	10-495-034-5095-007	3,553	7/1/09 6/30/10			3,553	(3,553)					3,553
On Behalf TPAF Post Retirement Med'l Cont	10-495-034-5095-001	66,737	7/1/09 6/30/10			66,737	(66,737)					66,737
Reimbursed TPAF SS Contribution	10-495-034-5095-002	79,215	7/1/09 6/30/10			79,215	(\$79,215)					79,215
Total General Fund				(1,488)		655,589	(720,105)	(282)			65,722	720,105
Special Revenue Fund:												
Preschool Education Aid	10-495-034-5120-062	68,010	7/1/09 6/30/10			61,209	(68,010)					68,010
Preschool Education Aid	09-495-034-5120-062	66,342	7/1/08 6/30/09	(4,984)		4,984						
Early Launch to Learning	09-495-034-5120-062	16,500	7/1/08 6/30/09	(1,650)		1,650						
Early Launch to Learning	09-495-034-5120-062	16,500	7/1/07 6/30/08	230					230			
Total Special Revenue Fund				(6,404)		67,843	(68,010)				6,801	68,010
Debt Service Fund:												
Debt Service Aid Type II	10-495-034-5120-017	80,783	7/1/08 6/30/09			80,783	(80,783)					80,783
State Department of Agriculture												
Enterprise Fund:												
State School Breakfast Program	09-100-010-3350-021	338	7/1/08 6/30/09	(25)		25						
State School Breakfast Program	10-100-010-3350-021	614	7/1/09 6/30/10			575	(614)	(39)				614
State School Lunch Program	09-100-010-3350-023	1,192	7/1/08 6/30/09	(86)		86						
State School Lunch Program	10-100-010-3350-023	1,390	7/1/09 6/30/10			1,273	(1,390)	(117)				1,390
Total Enterprise Fund				(111)		1,959	(2,004)	(156)				2,004
Total State Financial Assistance				(\$8,003)	\$0	\$806,174	(\$870,902)	\$0	(\$438)	\$230	\$0	\$72,523

See accompanying notes to schedules of financial assistance

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2010**

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Mannington Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or 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 audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A., 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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 one or more state June aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$510) for the general fund and \$(167) for the special revenue fund. See Note 2 (the Notes 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. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

**MANNINGTON TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**

**JUNE 30, 2010**  
**(Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 719,595	\$ 719,595
Special Revenue Fund	\$ 154,527	67,843	222,370
Debt Service		80,783	80,783
Food Service Fund	<u>43,088</u>	<u>2,004</u>	<u>45,092</u>
Total Financial Assistance	\$ <u>197,615</u>	\$ <u>870,225</u>	\$ <u>1,067,840</u>

**NOTE 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.

**NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING**

The Mannington School District had no federal or state loan balances outstanding at June 30, 2010.

**NOTE 6: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

**NOTE 7: SCHOOLWIDE PROGRAM FUNDS**

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

**NOTE 8: MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- 1) Material weakness (es) identified? \_\_\_\_\_ yes  X  no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards      N/A**

Internal control over major programs:

- 1) Material weakness (es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? \_\_\_\_\_ yes \_\_\_\_\_ no

CFDA Number(s)

Name of Federal Program or Cluster

**No Major Federal Programs**

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00  
Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no



**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(continued)**

**Section II - Financial Statement Findings**

**Finding:** NONE

**Criteria or specific requirement:**

**Condition:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(continued)**

**Section III - Federal Awards and State Financial Assistance  
Findings and Questioned Costs**

**FEDERAL AWARDS**

**Finding: NONE**

**Information on the state program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**STATE FINANCIAL ASSISTANCE**

**Finding: NONE**

**Information on the state program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**MANNINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

This section identifies the status of prior - year findings related to the general - purpose financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR - YEAR FINDINGS**

NONE