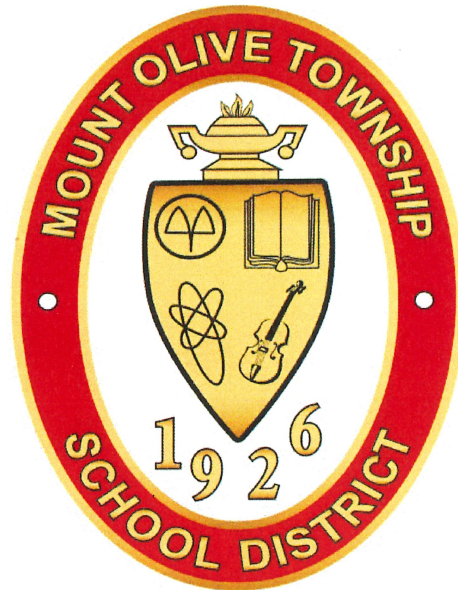


Mount Olive Township School District

“Students are our first priority”



“Home of the Marauders”

Mount Olive Board of Education
227 US Route 206
Flanders, New Jersey

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT

227 US HIGHWAY 206, SUITE 10

FLANDERS, NEW JERSEY, 07836

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Prepared by: Lynn Jones, CPA
Board Secretary
Business Office

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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INTRODUCTORY SECTION

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Letter of Transmittal For the Fiscal Year Ended June 30, 2020

Honorable President, Board Members, and Citizens
of the Mount Olive Township School District
County of Morris
Mount Olive, New Jersey

We are pleased to present to you the Comprehensive Annual Financial Report ("CAFR") of the Mount Olive Township School District ("District") for the fiscal year ended June 30, 2020. State statutes require the issuance of a CAFR by every school district as the basis for the annual audit. This CAFR was prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as applicable to governmental entities.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Mount Olive Township 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 District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report, provides a narrative overview and analysis of the basic financial statements. The MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The *Introductory Section* contains the Transmittal Letter, the Organizational Chart of the School District, and a List of Principal Officials, Consultants, and Advisors.
- The *Financial Section* begins with the Independent Auditors' Report and includes the MD&A, the Basic Financial Statements and Notes, and Other Supplementary Information that is required by the State Department of Education.
- The *Statistical Section* includes select information on financial trends, revenue capacity and debt capacity, along with demographic and economic information and other select operating information in accordance with GASB Statement 44.
- The *Single Audit Section* – In addition to meeting the requirements set forth in state statutes, the District is required to undergo an annual single audit in conformity with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal controls and compliance with applicable laws, regulations, contracts and grant requirements, along with findings and questioned costs, are included in the single audit section of this report.

Profile of the Mount Olive Township School District

Mount Olive Township is located in northwest New Jersey in Morris County, approximately 45 miles west of New York City. The Mount Olive community is primarily residential with support from varied commercial and retail property. Geographically, the Township is comprised of the Budd Lake and Flanders areas, which total approximately 32 square miles and has a population of just over 29,000 residents. The District currently stands as the fourth largest school district in Morris County with an enrollment of just over 4,600 students. The District is comprised of six schools: four elementary schools serving grades Pre-K through 5, one middle school serving grades 6 through 8, and one high school serving grades 9 through 12.

An elected nine-member Board of Education serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for, all expenditures of School District tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Business Administrator is the chief financial officer, responsible for the overall financial and budgetary operations of the District. The Board Secretary is the District's accountant, responsible for producing the financial statements, maintaining the financial accounts, and reconciling the accounting records.

Reporting Entity

The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Mount Olive Township Board of Education and its six schools constitute the District's reporting entity.

Educational Programs and Services

"The Mount Olive Township School District, a guiding and unifying partner in a dynamic community, educates, challenges and inspires all learners within a safe, nurturing environment to discover and develop their unique abilities as literate, ethical and contributing citizens of the world."

-- Mission Statement of the Mount Olive Township Board of Education

The Mount Olive Township School District provides a full range of educational programs appropriate to grade levels K through 12. These include regular, college preparatory, honors and vocational programs, as well as a wide variety of in-class support services, resource centers, and self-contained special education programs for students with special needs. In addition, the District offers a gifted and talented program for students in grades K-8 and dozens of advanced placement courses for high school students seeking a highly challenging and rigorous curriculum at the college level.

Extended learning summer and after school programs are also offered such as the extended school year program for disabled students, the Mount Olive Success Academy for at-risk students seeking additional instructional assistance, and the summer STEAM Camp for students in grades K through 9. Vocational course offerings include a wide variety of related arts and business/technology programs such as architecture, robotics, nutrition and culinary science, woodworking, engineering, industrial design, accounting, advertising and promotion, economics, fashion, finance, marketing, and television production.

The District had 7 students enrolled in charter schools for the 2019-20 school year. Charter school students who reside in the District are reported to the Department of Education through the District's Application for State School Aid ("ASSA") and are considered "resident students" for purposes of calculating the District's state aid. Pursuant to state statutes, the school district of residence must pay the charter school "an amount equal to 90% of the sum of the budget year equalization aid per pupil and the prebudget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation". In addition, the school district of residence shall pay directly to the charter school the security categorical aid attributable to the student and a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the charter school and, if applicable, 100% of preschool education aid.

In addition to its curricular offerings, the District offers an extensive extracurricular and athletic program. Extracurricular programs provide opportunities for students to participate in student government, various academic, social and vocational clubs, National Honor Societies, drama and musical performance productions. The District's athletic program features 26 Varsity sports for male and female athletes at the high school level and 12 male and female sports teams at the middle school level in addition to its renowned, award winning marching band program. In the shortened 2019-20 school year, Mount Olive won 2 conference championships and 1 state sectional championship and 14 of the District's athletic programs qualified for state tournaments.

Internal Accounting Controls

The management of the District is responsible for establishing and maintaining internal controls, policies, and procedures 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 accounting principles generally accepted in the United States. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by District management.

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

Accounting System and Reports

In accordance with state statutes, each District must maintain a uniform system of financial bookkeeping and reporting that is consistent with GAAP. The District's accounting records reflect the accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds, as described in the "Notes to the Basic Financial Statements," Note 1.

The District's accounting records are prepared in accordance with the *Uniform Minimum Chart of Accounts for New Jersey Public Schools* prepared by the State of New Jersey Department of Education. The District's accounting records include an expanded minimum chart of accounts using dimensions to define location and subject area for internal management purposes.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either liquidated or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as committed and/or assigned fund balance at fiscal year-end.

Budget Development and Controls

The District's budget is developed annually by the administration with input from all stakeholders in the District. The District utilizes zero-based budgeting practices as well as historical trend analysis to prepare its budget. In March of each year, a tentative budget is adopted by the Board, which is presented to the New Jersey Department of Education's Executive County Superintendent of Schools for approval. Upon approval by the Executive County Superintendent, the budget is then advertised for public input and a budget hearing is scheduled. Public commentary at the hearing may result in modifications to the budget. The final budget approved by the Board must be posted to the District's website forty-eight hours after the public hearing.

The District monitors actual vs. budgeted amounts on a monthly basis and provides monthly reports to the Board. Line-item transfers must be made whenever a budgeted line item is in danger of going into a deficit condition. All line-item transfers from an advertised appropriation account require a two-thirds affirmative vote of the Board. In addition, line-item transfers, which on a cumulative basis exceed 10% of the amount included in the original budget, and transfers to capital outlay require Executive County Superintendent approval.

The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education and the Executive County Superintendent. Annual appropriated budgets are adopted for the general fund, 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 of this report.

Economic Condition and Financial Outlook

Like most school districts in New Jersey, the District's primary sources of funding are property tax revenue and state aid. State aid comprised 19% of the District's original 2020 operating budget while local property taxes accounted for 74% of budgeted revenue. As a result, the financial well being of the District is tied in large measure to the actions of the state legislature. Current legislation restricts the growth rate on local property taxes to 2%. However, the law does allow for an increase in the 2% limitation, if needed, provided that it is approved by the voters. Significant cuts in state funding and/or further restrictions on the growth rate of the local property tax levy could have a substantial impact on the District's programs and services.

Increased expenditures from inflationary pressures, the growing cost of employee health care, increases in contributions to the retirement system, and mandated special education costs present an enormous challenge for the District's administration. Thus far, the 2% increase in local tax revenue and modest increases in state aid, coupled with the District's stringent budgetary measures, have been sufficient to allow the District to maintain its existing programs and services. Nevertheless, the District's administration continues to closely monitor the cost of operations and to search for new funding sources in order to maintain the quality educational services that the Mount Olive School District is accustomed to providing.

District Facilities and Housing Trends

The District's three original elementary schools were built between 1969 and 1974. In 1997 Township voters approved a referendum to convert the middle school, which was built in 1966, into a fourth elementary school and construct a new middle school. The new middle school was completed and opened in 2001. The high school opened in 1972 as a regional high school and was operated by the West Morris Regional High School District until 1978, when Township voters elected to leave the regional district. The class of 1978 was the last graduating class under the regional administration. In the 1978-1979 school year, the high school building and associated faculty became part of the Mount Olive Township School District.

The 1997 building referendum, which converted the former middle school to the Chester M. Stephens Elementary School and constructed the new middle school, also expanded and upgraded the three original elementary schools. In 2004 Township voters approved a \$46.9 million building expansion project for Mount Olive High School, which included 10 new science labs, 21 new classrooms, an auxiliary gymnasium, a new Performing Arts Center, and an artificial turf field.

All of the District's buildings are exceptionally well maintained. The Board has an established capital reserve account to provide for the accumulation of funds for capital outlay expenditures. The Board has used capital reserve funds to replace roofs, boilers, and windows at all buildings, to purchase and install a turf field at Mount Olive High School, to upgrade the tennis courts at Mount Olive Middle School, to resurface the exterior walls at Mount Olive High School, to construct a maker space and recording studio at Mount Olive High School, to construct a grandstand at the Mt. Olive High School football field, to renovate the Mt. View Elementary School media center, to construct a maker space classroom at Mount Olive Middle School, to renovate the Tinc Road Elementary School, to replace the chillers at Mount Olive Middle School, and to fund various classroom renovations at Mount Olive High School.

The following is a status report of new residential development in progress within the Township.

Morris Chase Development - The development is located between Mount Olive Road to the west, Dyrham Castle Road to the east, Gold Mine Road to the north and Flanders Road to the south. Phase I, which consisted of 281 single family dwellings and townhouses, has been built and is now occupied. Phase II would add 66 additional dwellings in a combination of single family dwellings and townhouses; however, the Planning Board denied the owner's request to extend zoning protection for this phase and the decision was recently upheld in Superior Court. Unless overturned on appeal, Phase II will be significantly modified to reduce the number of units, if it proceeds at all.

Marveland Crescent - Marveland Crescent is the affordable housing component of the age-restricted development known as Regency at Flanders. The 57 rental units (9 one-bedroom; 30 two-bedroom; 18 three-bedroom) for moderate income families are fully occupied.

Mountain Ridge Estates - Mountain Ridge Estates is located along the east-bound lanes of Route 46 bordered by Chamberlain Lane to the southwest, comprising lots 80, 83, and 84 in Block 4100. This development will provide 215 market townhouse units and 54 low and moderate family rental units. Site work is ongoing and at present there are approximately 50 occupied market units. The Township Building Department anticipates 20-25 affordable units to be ready for occupancy by the end of this year.

FTZ-4 Zoning Modification - In December 2017 the Township Council adopted an ordinance to modify the existing commercial zoning for the FTZ-4 district to permit residential use at a density of six units per acre. The Rockefeller Group recently submitted what is known as a General Development Plan (GDP) which is essentially a master plan for the entire build-out of the three tracts of land comprising a total of 124 acres. The GDP envisions a total of 686 residential units - 548 market units and 138 units for low and moderate income households. Infrastructure and roadwork is expected to begin by the end of the year. The projected phasing schedule, which is subject to change, is as follows:

- By the close of 2021 - 8 percent of the market units (43)
- By the close of 2022 - 28 percent of the market units (153) and 19 percent of affordable units (26)
- By the close of 2023 - 54 percent of the market units (296) and 57 percent of affordable units (78)
- By the close of 2024 - 77 percent of the market units (421) and 97 percent of affordable units (134)
- By the close of 2025 - 97 percent of the market units (531) and 100 percent of affordable units (138)
- By the second quarter of 2026 - 100 percent of the market units (548)

Village Green - The Township has had discussions with the new owners of Village Green who are interested in adding several new buildings for an additional 75 to 90 units. No timetable has been established as yet.

The District's enrollment reported on the Application for State School Aid ("ASSA") in October 2019 was 4,646 students compared to 4,626 students the previous year. Enrollment has been relatively stable with minor fluctuations for the past several years. At the present time, there is adequate capacity within the District to meet the general classroom enrollment projections, both now and in the near future. However, the Board is mindful of the potential impact these housing developments might have on class sizes within the District. As a result, the Board continually monitors the municipal population and housing trends to ensure that sufficient school facilities are available to meet the needs of its student population while keeping class sizes to a minimum.

Student Performance

The Mount Olive Township School District places a high degree of emphasis on student performance as evidenced by the District's exemplary record of standardized test scores. The District uses a wide variety of internal assessment tools and data evaluation programs to determine whether a student exceeds, meets, or does not meet grade level standards. These personalized learning tools have enabled students in the Mount Olive School District to score well on standardized test scores, regularly exceeding state and federal averages in nearly every measurable category.

A record 784 AP examinations were administered in 2020 to 332 students in 27 subject areas with eighty-one percent earning scores of 3 or higher. The final AP scholar report yielded impressive results with a total of 55 AP scholars, 34 AP scholars with honors, 52 AP scholars with distinction, 11 national scholars, 11 AP Capstone diplomas, and 3 AP seminar research certificates.

Two hundred eighty-eight students from the class of 2020 took the Scholastic Aptitude Test (SAT), which represents 78% of the class. The District's combined average SAT score was 1140, which is 70 points higher than the state average and 100 points above the national average.

Eighty-eight percent of the school's 2020 graduates will be pursuing post-secondary education, with fifty-nine percent attending four-year colleges and universities. Seven seniors were recognized as National Merit Commended Scholars, with scores ranking in the top 2% of the nation, and one of them was awarded the National Merit Special Scholarship.

Academic Initiatives

During the 2019-2020 school year, the Board and administration undertook a number of challenging academic initiatives. The following is a summary of these initiatives:

Education Foundation of the Mount Olive Township School District – In June 2019, the Board of Education officially approved the establishment of the Education Foundation of the Mount Olive Township School District, effective July 1, 2019. The new education foundation was formed to assist the school district in achieving its goals for the students, to support programs that benefit the professional development of educators, and to provide additional funding for intervention and enrichment programs for all students. In the summer of 2019, the newly established Education Foundation selected Mrs. Rhonda Cohen as President, Dr. Rosalie Lamonte as Secretary, and Mr. Brian O'Conner as Treasurer, with Superintendent Zywicki participating in a non-voting capacity as an ex-officio member.

Real World Connection (RWC) Program at New Jersey Institute of Technology (NJIT) – In the summer of 2019, several Mount Olive High School and Middle School students participated in the Real World Connections Program at NJIT. The RWC program is a STEAM education platform that provides a special approach to teaching and learning by placing middle and high school students in the driver's seat of their own education. Students develop and present their own projects in one of 10 different project tracks, including Android app development, game development, web development, introduction to coding, music and technology, cybersecurity, Cisco networking, robotics, space and mini architecture school. Ideas for the projects come from RWC coaches and local industry, government and community leaders who propose topics for the projects. The 2019 project focused on the Area 51 military base mystery.

The International Barcode of Life - The Barcode of Life program is a project to create a public collection of reference sequences from vouchered specimens of all species of life. The goal is to create an online scientific database that includes the DNA sequences of all living organisms and species on the planet. During the summer of 2019, a group of Mount Olive High School students participated in a week-long program whereby the students extracted DNA from bee samples and duplicated a designated gene.

Computer Science Pilot Task Force – In the summer of 2019, Mount Olive High School teachers participated in the Rutgers Computer Science Teaching and Learning Collaboration Program funded by the National Science Foundation's "*Computer Science for All*" grant. The program addressed the computer science standards that are included in the current technology standards and provided ways to nurture a more inclusive environment to recruit under-represented minority students.

County College of Morris Dual Enrollment Program – The Mount Olive School District entered into an articulation agreement with the County College of Morris (CCM) enabling the District to offer opportunities for students to take college courses, to earn college credit, to enroll in the Pathways to Careers Program to obtain an Associate Degree, or to enroll in other certificate programs. The program began in the Fall of 2019 with four courses offered initially: audio engineering, music theory, industrial design, and advanced art. The District is also pursuing other partnership opportunities with CCM that might enable students to broaden their educational and career alternatives.

Rubicon Atlas Program – In September 2019, the District moved its curriculum to the Rubicon Atlas Program, enabling teachers to collaborate in professional learning communities and allowing them to update and write curriculum. The program also allows parents to see the standards that their students are working on at any given time.

Multifunctional Learning Area – In October 2019, the Chester M. Stephens Elementary School opened a new multifunctional learning area by combining a resource room with a classroom to provide space for a variety of purposes such as a STEAM area and whole grade instruction. The area is divided into separate learning sections for small groups of students to work simultaneously on different projects and instructional technology is available including computers, a printer, and an interactive whiteboard.

NJSBA Professional Development Program – In October 2019, the Mount Olive School District was invited by the New Jersey School Boards Association (NJSBA) to host the I-STEAM Ready professional development program for school board members and school administrators, which offered a series of sessions on STEAM best practices. The program provided an opportunity for board members, administrators, teachers, and students to discuss the District's leadership in the area of STEAM.

STEAM Tank Challenge – In the Fall of 2019, a team of students from Mount Olive Middle School and Chester M. Stephens Elementary School created products for the STEAM Tank Challenge. The program, a partnership between the New Jersey School Boards Association and the U.S. Army, challenges students to invent new products based on a need they identify or modify an existing product. The goal of the program is to inspire students to become the next generation of entrepreneurs, inventors, scientists, artists, and engineers.

Living Voices Project – In the Fall of 2019, student members of the seventh grade Gifted and Talented (G&T) program participated in the Living Voices project, which showcased the United States veterans. The students learned about veterans as part of the county-wide Living Voices program, a comprehensive oral history project undertaken by students across Morris County and coordinated through The Morris County Historical Society and the New Jersey Consortium for Gifted and Talented Programs.

High School Financial Lab – In December 2019, Mount Olive High School implemented a new financial literacy lab putting high tech financial tools at the students' fingertips. The lab is outfitted with laptops, big screen monitors, and a digital stock ticker, which is used by students in Finance Honors, Accounting I, Accounting II Honors, and AP Economics.

The Garden State Coalition of Schools – In February 2020, the District hosted a meeting of the Garden State Coalition of Schools, which is a group of high performing and progressive schools similar to the Mount Olive School District and who are often underfunded by the state. The core mission of the group is to advocate for state funding but it has branched into other areas, such as developing computer science standards that the state will be implementing for 2021-2022 school year. The Mount Olive School District, however, will be developing computer science standards for K-12 to be implemented in the 2020-2021 school year.

Distance Learning – In March 2020, Mount Olive School District staff members encountered the challenges posed by the COVID-19 pandemic with remarkable dedication and resilience, both before and during the District's precautionary closure. With the onset of distance learning in March of 2020, the District extended its Chromebook initiative to Mount Olive students in grades K through 8 by reconfiguring previously purchased devices for home use. Jet packs were provided to students to provide and/or strengthen internet connectivity. Assignments were differentiated for students of different academic levels, focusing on both the acquisition of knowledge and its practical applications. The lessons were also personalized to provide students with both the enrichment and remediation they need to continue to grow and learn in a remote environment.

Full Day Kindergarten – In April 2020, the Board of Education adopted the 2020-2021 school district budget, which included funds to implement a full day kindergarten program as part of the 2020-2021 curriculum. The implementation of a full day kindergarten program had been a longstanding goal of the district and the Board of Education.

Elementary School Inclusion Program – In the 2019-2020 school year, the District's elementary schools expanded the practice of integrating special education students into general education classes for most or all of the school day. Seventeen additional classes adopted a co-teaching model that pairs special education teachers with classroom teachers to deliver instruction and provide instructional support.

ST Math – The District implemented the ST Math program in the 2019-2020 school year, which is a web based program that provides interactive puzzles to help students practice their problem solving. The ST Math program enables teachers to monitor the progress of each student in real-time status.

Social Emotional Learning Curriculum – In the 2019-2020 school year, the Mount Olive School District implemented a new curriculum at the elementary level that helps students work towards achieving the New Jersey Department of Education's social emotional learning competencies, including self-awareness, self-management, social awareness, responsible decision making, and relationship skills.

Advanced Placement (AP) Incentive Program – To further motivate students to enroll in AP courses and take AP exams, the Board approved an AP incentive program in January 2019, which covers AP exams fees for any additional exams beyond a student's first exam. Since 2018 Mount Olive High School's AP participation has increased by 43% from 536 exams in 2018 to 764 in 2020. Along the way, the District simultaneously enhanced the diversity of students taking AP exams and increased the average exam score. In the 2019-2020 school year, a record 142 Mount Olive students earned AP Scholar awards by earning multiple scores of 3 on multiple AP exams.

State and National Recognitions

During the 2019-2020 school year, the Mount Olive School District received the following prestigious honors recognizing their outstanding achievements:

Future Ready Schools Certification - In October 2019, all six Mount Olive schools were recognized for their commitment to harnessing the power of instructional technology and were certified as “*Future Ready*” by Future Ready Schools - New Jersey (FRS-NJ). FRS-NJ is a partnership among the New Jersey School Boards Association, the New Jersey Institute of Technology, and the New Jersey Department of Education. The voluntary certification program helps schools plan and implement effective digital learning strategies so all students can achieve their full potential. The New Jersey program is an offshoot of a national effort, Future Ready Schools, which is run by the Alliance for Excellent Education.

Niche Distinction - The Mount Olive School District is one of the best K-12 school systems in the State of New Jersey according to Niche, a website that compiles data to determine the nation's best places to live, work, and learn. In the recently released report, Mount Olive earned an “A+” rating and is ranked 31st in the state and in the top 3% nationally, ahead of many well-regarded neighboring districts.

U.S. News & World Report National Ranking - Nationally, Mount Olive High School was named one of the best high schools in the country by U.S. News & World Report, earning an overall score of 90%. The U.S. News “Best High Schools” rankings include data on more than 24,000 public high schools in 50 states and the District of Columbia. Nearly 18,000 schools were ranked on six factors based on their performance on state assessments and how well they prepare students for college. Mount Olive High School ranked number 1,800 out of 17,792 ranked high schools – just a fraction shy of the top 10% high schools in the nation.

Advanced Placement (AP) Honor Roll - For the third consecutive year, Mount Olive High School was named to the National Advanced Placement (AP) Honor Roll by the AP College Board. The AP honor roll consists of only 250 school districts in the U.S. and Canada that achieved increases in access to AP courses for under-represented students while simultaneously maintaining or increasing the percentage of students earning AP exam scores of 3 or higher.

New Jersey Quality Single Accountability Continuum (NJQSAC) Monitoring Results - In the Spring of 2020, the Mount Olive School District was recognized as a “*high performing*” school district by the New Jersey Department of Education for its outstanding level of student achievement and strict adherence with state education regulations. This recognition was based on an examination of the District's compliance in the areas of instruction, fiscal management, governance, operations, and personnel. A district must earn a minimum score of 80% in each of the five areas to earn the “*high performing*” distinction on the state's Quality Single Accountability Continuum (QSAC).

Reentry Plan for In-Person Instruction – In the Spring of 2020, the District began developing a post COVID-19 reentry plan for in-person instruction for the 2020-2021 school year. A committee of approximately 50 administrators, teachers, guidance counselors, board of education members, and other staff members came together to design a reentry plan which contained four possible instructional models: a normal school day, a normal school day with social distancing, split days or sessions, and virtual learning for all students. The committee used international scheduling models and models from other states, along with medical guidance from the Centers for Disease Control and Prevention and the American Academy of Pediatrics, to formulate a plan that was best for Mount Olive students. The District's plan was so highly regarded that Governor Murphy invited Superintendent Zywicki to present the plan during a televised briefing, suggesting that the Mount Olive reentry plan be used as a model for all New Jersey school districts.

National Music Award - The Mount Olive School District received the 2020 “*Best Communities for Music Education*” award from the National Association of Music Merchants. This prestigious award recognizes the efforts of teachers, administrators, parents, students and community leaders who have made the study and performance of music an integral part of the District's educational experience.

Staff Recognitions – In the Spring of 2020, Dave Falleni, the current high school Vice-Principal and former Athletic Director, was named the Morris County Athletic Director of the Year. In June of 2020, School Business Administrator, Gail Libby, was named Second Vice-President of the Executive Committee for the New Jersey Association of School Business Officials.

Other Initiatives/Accomplishments

Facility Upgrades – The District undertook and completed a number of capital improvements and facilities upgrades in the 2019-2020 school year. The projects included new windows installed at Chester M. Stephens Elementary School, water chillers and energy efficient boilers installed at Mount Olive Middle School, bathroom and hallway renovations, and new lighting at Sandshore Elementary School, and new furniture added to the STEAM areas at Mt. View and Chester M. Stephens Elementary Schools. A new finance lab was established at Mount Olive High School, with LED stock ticker and televisions for monitoring stock markets and business news. In June 2020, work began on a new Geodome on the high school grounds that will enable students to practice horticulture and agriculture during the 2020-2021 school year.

Security Upgrades – During the 2019-2020 school year the District upgraded the security cameras and installed additional security cameras districtwide as well as implemented a new electronic card access system in every school, replacing keys for staff. In addition, a new lockdown system was installed with strobe lights for high noise areas and building exteriors.

Technology Integration – The District continues to devote significant financial resources to technology integration to provide students with the necessary tools and technical skills to succeed in the future. During the 2019-2020 school year, the District upgraded its network infrastructure access points and switches to increase WiFi density coverage for large grouping areas. The District also approved a contract with Real-Time Information Technology for a fully integrated student information system, which will replace Power School and become fully operational in the 2020-2021 school year. In addition, the District purchased 1500 Chromebooks to provide all students at Mount Olive High School with a new Hewlett Packard Chromebook to use at home and in class throughout their high school career. With the onset of distance learning in March of 2020, the District extended its Chromebook initiative to Mount Olive students from K-8 by reconfiguring previously purchased devices for home use.

COVID-19 Donations - During the COVID-19 pandemic, Mount Olive High School industrial engineering teacher, Dave Bodmer, and a team of teachers and staff utilized the high school maker space 3-D printers to create protective face shields for use by medical personnel in New Jersey and New York hospitals. Mount Olive High School collaborated with Warren Hills Regional High School and together they raised more than \$36,000 in donations to support the effort.

Relevant Financial Policies

The District recognizes the importance of sound financial policies and their importance in supporting the school program. The Board employs a policy consultant, Strauss Esmay Associates, LLP to develop customized policy and regulation manuals that are consistent with State and Federal laws and are in compliance with State and Federal monitoring standards. District administration works closely with the Business Committee and the Policy Committee, two subcommittees of the Board, to review and update the financial policies as needed.

Risk Management

The District purchases insurance for all identified risks from the School Alliance Insurance Fund, an insurance pool of New Jersey school districts, which provides property coverage, general liability insurance, auto insurance, workers' compensation, and legal liability insurance. The District is self-insured for medical and prescription insurance claims with supplemental stop-loss insurance limiting the District's total exposure.

Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wielkott & Co, 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

Acknowledgments

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

Respectfully submitted,

Gail Libby
Business Administrator

Lynn Jones, CPA
Board Secretary/Asst. Business Administrator

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**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires December 31,</u>
Anthony Giordano, President	2022
John Petrie, Vice-President	2020
Asunta Beardsley	2020
Antoine Gayles	2020
John Kehmna	2021
Elizabeth Ouimet	2021
William Robinson	2022
Nolan Stephens	2022
Anthony Strillacci	2021

Other Officials

Robert R. Zywicki, Ed.D. Superintendent

Gail Libby, Business Administrator

Lynn Jones, CPA, Board Secretary/Assistant Business Administrator

Sherry Kolody, Treasurer of School Monies

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

Auditor

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75 Livingston Avenue
Roseland, NJ 07068

Architect/Engineer

Gianforcaro Architects, Engineers, Planners
555 East Main Street
Chester, NJ 07930

Continuing Disclosure Agent/Financial Services Advisor

Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

Risk Management Consultants

The Morville Agency
55 Newton Sparta Road
Newton, New Jersey 07860

Brown & Brown Benefit Advisors
7 Regent Street, Suite 708
Livingston, NJ 07039

Health Benefits Broker

Derek A. Daily
Hudson Shore Insurance Consulting Group
141 West Front Street
Red Bank, NJ 07701

Property Management Services

Fairclough Enterprises
265 Sparta Avenue
Sparta, NJ 07871

Official Depositories

Valley National Bank
342 Route 46 West
Budd Lake, NJ 07828

Sussex Bank
15 Trinity Street
Newton, NJ 07860

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION – PART I

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Two statements make up the district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide information about the financial activities of the whole District, except for fiduciary activities, and present both an aggregate view and a longer-term view of the school district's finances. The statements include all assets and liabilities using the accrual basis of accounting, which takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between the governmental and business-type activities of the District.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,540,038	\$ 375,215	\$ 8,915,253
Receivables, net	3,010,182	60,207	3,070,389
Prepaid expense	-	3,133	3,133
Inventory	-	45,625	45,625
Restricted assets:			
Cash and cash equivalents	500,488	4,946	505,434
Capital reserve account - cash	2,475,745	-	2,475,745
Capital assets, non-depreciable	1,377,059	651,200	2,028,259
Capital assets, depreciable, net	77,606,027	1,125,840	78,731,867
Total Assets	<u>93,509,539</u>	<u>2,266,166</u>	<u>95,775,705</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on defeasance of debt	758,679	-	758,679
Deferred amounts related to PERS pension liability	4,576,271	-	4,576,271
Total Deferred Outflows of Resources	<u>5,334,950</u>	<u>-</u>	<u>5,334,950</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,716,205	128,154	2,844,359
Unearned revenue	22,164	58,173	80,337
Escrow deposits payable	-	4,946	4,946
Accrued interest payable	493,346	58,591	551,937
Accrued liability for insurance claims	1,202,755	-	1,202,755
Noncurrent liabilities:			
Due within one year	7,564,446	98,074	7,662,520
Due beyond one year	45,547,639	977,105	46,524,744
Total Liabilities	<u>57,546,555</u>	<u>1,325,043</u>	<u>58,871,598</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to PERS pension liability	9,154,792	-	9,154,792
Total Deferred Inflows of Resources	<u>9,154,792</u>	<u>-</u>	<u>9,154,792</u>
NET POSITION			
Net investment in capital assets	52,919,138	701,861	53,620,999
Restricted for:			
Capital projects	2,475,745	-	2,475,745
Maintenance reserve	500,000	-	500,000
Debt service	488	-	488
Excess surplus	1,219,850	-	1,219,850
Unrestricted/(Deficit)	(24,972,079)	239,262	(24,732,817)
Total Net Position	<u>\$ 32,143,142</u>	<u>\$ 941,123</u>	<u>\$ 33,084,265</u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:	\$	\$	\$	\$	\$	\$	\$
Regular programs	40,363,686	1,408,360	9,764,885	-	(29,190,441)	-	(29,190,441)
Special education programs	12,316,453	818,041	6,097,321	-	(5,401,091)	-	(5,401,091)
Other instructional programs	1,942,689	54,817	663,411	-	(1,224,461)	-	(1,224,461)
School sponsored programs	2,731,722	356,437	102,035	-	(2,273,250)	-	(2,273,250)
Support services:							
Tuition	2,964,902	-	1,885,241	-	(1,079,661)	-	(1,079,661)
Student & instruction related services	15,534,887	463,572	3,241,888	-	(11,829,227)	-	(11,829,227)
School administrative services	5,746,044	188,753	1,194,517	-	(4,362,774)	-	(4,362,774)
Other administrative services	4,566,864	102,027	276,775	-	(4,188,062)	-	(4,188,062)
Plant operations and maintenance	15,577,275	527,313	162,325	-	(14,887,637)	-	(14,887,637)
Pupil transportation	6,139,641	167,158	1,104,034	-	(4,868,449)	-	(4,868,449)
Interest and other debt related charges	910,091	-	518,520	-	(391,571)	-	(391,571)
Total governmental activities	108,794,054	4,086,478	25,010,952	-	(79,696,624)	-	(79,696,624)
Business-type activities:							
Food service	1,082,555	595,976	372,980	-	-	(113,599)	(113,599)
Summer programs	142,165	110,711	-	-	-	(31,454)	(31,454)
Property rentals	373,854	362,216	-	-	-	(11,638)	(11,638)
Total business-type activities	1,598,574	1,068,903	372,980	-	-	(156,691)	(156,691)
Total primary government	\$ 110,392,628	\$ 5,155,381	\$ 25,383,932	\$ -	\$ (79,696,624)	\$ (156,691)	\$ (79,853,315)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 67,912,108	\$ -	\$ 67,912,108
Taxes levied for debt service					4,167,548	-	4,167,548
Federal and State aid not restricted					12,764,831	-	12,764,831
Investment earnings					276,600	9,407	286,007
Miscellaneous income					226,735	-	226,735
Extraordinary item - appraisor adjustment to capital assets					(5,454)	-	(5,454)
Transfers					(9,000)	9,000	-
Total general revenues, special items, extraordinary items and transfers					85,333,368	18,407	85,351,775
Change in Net Position					5,636,744	(138,284)	5,498,460
Net Position - Beginning					26,506,398	1,079,407	27,585,805
Net Position - Ending					\$ 32,143,142	\$ 941,123	\$ 33,084,265

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

FUND FINANCIAL STATEMENTS

The fund financial statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	Major Funds				Total
	General	Special	Capital	Debt	Governmental
	Fund	Revenue	Projects	Service	Funds
		Fund	Fund	Fund	
ASSETS					
Cash and cash equivalents	\$ 5,930,278	\$ -	\$ -	\$ -	\$ 5,930,278
Restricted cash and cash equivalents	2,975,745	-	-	488	2,976,233
Due from other funds	192,435	-	-	-	192,435
Receivables from other governments	2,172,543	318,868	-	-	2,491,411
Other accounts receivable	78,383	120	-	-	78,503
Total assets	\$ 11,349,384	\$ 318,988	\$ -	\$ 488	\$ 11,668,860
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 938,359	\$ 135,728	\$ -	\$ -	\$ 1,074,087
Due to other funds	-	183,260	-	-	183,260
Unearned revenue	22,164	-	-	-	22,164
Total liabilities	960,523	318,988	-	-	1,279,511
Fund balances:					
Restricted for:					
Capital reserve	2,475,745	-	-	-	2,475,745
Maintenance reserve	500,000	-	-	-	500,000
Excess surplus	1,219,850	-	-	-	1,219,850
Debt service	-	-	-	488	488
Committed to:					
Other purposes	1,045,354	-	-	-	1,045,354
Assigned to:					
Unreserved - subsequent year expenditures	3,269,549	-	-	-	3,269,549
Other purposes	423,240	-	-	-	423,240
Unassigned	1,455,123	-	-	-	1,455,123
Total fund balances	10,388,861	-	-	488	10,389,349
Total liabilities and fund balances	\$ 11,349,384	\$ 318,988	\$ -	\$ 488	\$ 11,668,860

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET POSITION
JUNE 30, 2020

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

Total fund balances - governmental funds	\$	10,389,349
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The activities of the District's self-insurance fund are reported in the internal service fund. In the statement of net position the assets and liabilities of the internal service fund are included with governmental activities.		1,660,874
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Cost of capital assets	\$ 151,672,371	
Accumulated depreciation	<u>(72,689,285)</u>	
		78,983,086

Bond premiums are reported in the governmental funds as other financing sources in the year the bonds are issued, but are capitalized in the statement of net position.

Bond premium	(5,543,443)	
Accumulated amortization	<u>3,138,646</u>	
		(2,404,797)

Refunding bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balances. In the government-wide statements, refunding bond proceeds are reduced by the principal defeased and the balance is recorded as deferred interest, which is amortized over the life of the bonds.

Deferred loss on defeasance of debt	1,793,009	
Accumulated amortization	<u>(1,034,330)</u>	
		758,679

Amounts related to the net pension liability for PERS employees are not reported in the governmental funds. However, in the government-wide statements, the net pension liability is reported as a noncurrent liability due beyond one year and the related inflows and outflows are deferred and amortized in the statement of net position.

Net pension liability	(23,745,308)	
Deferred outflows of resources related to PERS pension liability	4,576,271	
Deferred inflows of resources related to PERS pension liability	<u>(9,154,792)</u>	
		(28,323,829)

The subsequent pension contribution is reported in the governmental funds as an expenditure in the year paid. In the government-wide statements, the subsequent pension contribution is recorded as an accounts payable.		(1,464,894)
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Long-term liabilities and the corresponding interest accruals are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. (See Note 9) Liabilities at year end consist of:

Bonds payable	(22,570,000)	
Capital leases payable	(2,046,557)	
Accrued interest on bonds, notes, and capital leases	(493,346)	
Accrued compensated absences	<u>(2,345,423)</u>	
		(27,455,326)

Net position of governmental activities	\$	<u>32,143,142</u>
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The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Major Funds				Total
	General	Special	Capital	Debt	Governmental
	Fund	Revenue	Projects	Service	Funds
REVENUES					
Local sources:					
Local tax levy	\$ 67,912,108	\$ -	\$ -	\$ 4,167,548	\$ 72,079,656
Tuition charges	886,601	-	-	-	886,601
Transportation fees	7,966	-	-	-	7,966
Interest on investments	244,673	-	-	-	244,673
Interest earned on capital reserve funds	18,776	-	-	-	18,776
Miscellaneous	489,107	-	-	-	489,107
Total - Local Sources	69,559,231	-	-	4,167,548	73,726,779
State sources	30,905,943	-	-	518,520	31,424,463
Federal sources	57,805	1,232,069	-	-	1,289,874
Total revenues	100,522,979	1,232,069	-	4,686,068	106,441,116
EXPENDITURES					
Current:					
Regular instruction	23,936,083	15,990	-	-	23,952,073
Special education instruction	6,909,692	544,000	-	-	7,453,692
Other instructional programs	979,968	160,168	-	-	1,140,136
School sponsored programs	2,387,193	-	-	-	2,387,193
Support services and undistributed costs:					
Tuition and transfers to charter schools	2,964,902	-	-	-	2,964,902
Student & instruction related services	9,422,223	374,596	-	-	9,796,819
School administrative services	3,479,480	-	-	-	3,479,480
Other administrative services	3,375,685	-	-	-	3,375,685
Plant operations and maintenance	8,982,085	-	-	-	8,982,085
Pupil transportation	4,722,803	-	-	-	4,722,803
Unallocated employee benefits	27,987,824	131,515	-	-	28,119,339
Capital outlay	3,049,786	5,800	961,016	-	4,016,602
Debt service:					
Principal	-	-	-	3,540,000	3,540,000
Interest and other charges	-	-	-	1,145,824	1,145,824
Total expenditures	98,197,724	1,232,069	961,016	4,685,824	105,076,633
Excess (Deficiency) of revenues over (under) expenditures	2,325,255	-	(961,016)	244	1,364,483
OTHER FINANCING SOURCES (USES)					
Operating Transfers:					
Transfers in	55,984	-	1,017,000	-	1,072,984
Transfers out	(1,026,000)	-	(55,984)	-	(1,081,984)
Total other financing sources and uses	(970,016)	-	961,016	-	(9,000)
Net change in fund balances	1,355,239	-	-	244	1,355,483
Fund balance—July 1	9,033,622	-	-	244	9,033,866
Fund balance—June 30	\$ 10,388,861	\$ -	\$ -	\$ 488	\$ 10,389,349

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Total net change in fund balances - governmental funds (from B-2)	\$ 1,355,483
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The activities of the District's self-insurance fund are reported in the internal service fund. In the statement of activities the revenues and expenses of the internal service fund are included with governmental activities.	1,153,659
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Capital outlays are reported in the governmental funds as expenditures in the year purchased. However, in the statement of activities, the cost of capital assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 3,812,657	
Depreciation expense	(5,398,898)	
(Net) Appraiser adjustment to capital assets	<u>(5,454)</u>	(1,591,695)

In the governmental funds, capital leases are reported as other financing sources and lease payments are reported as expenditures in the year paid. In the district-wide statements, capital leases are reported as noncurrent liabilities and lease payments are recorded as a reduction to the liability.	952,905
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Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	3,540,000
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Bond premiums are reported in the governmental funds as other financing sources in the year the bonds are issued. However, in the district-wide statements, bond premiums are amortized and expensed over the life of the bonds.	528,516
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Refunding bond proceeds are reported as other financing sources in the governmental funds in the year the bonds are refinanced and thus contribute to the change in fund balances. In the district-wide statements, refunding bond proceeds are reduced by the principal defeased and the balance is recorded as deferred interest, which is amortized over the life of the bonds.	(178,389)
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In the governmental funds, interest on long term debt and capital leases is reported when due. In the statement of activities, interest is accrued, regardless of when due.	54,339
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The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Amounts related to the net pension liability for PERS employees do not require the use of current financial resources and are therefore not reported in the governmental funds. In the statement of activities, the change in net pension liability is reported as an adjustment to expenses and the related inflows and outflows are deferred and amortized.

Change in net pension liability	2,247,041	
Change in deferred outflows of resources related to PERS pension liability	(2,124,624)	
Change in deferred inflows of resources related to PERS pension liability	<u>150,344</u>	272,761

Per GASB Statement No. 68 non-employer contributing entities are required to record a revenue and a corresponding expense for on-behalf TPAF pension payments paid by the State of New Jersey on the statement of activities that are in excess of those amounts reported in the fund financial statements.

Increase in state revenues for on-behalf TPAF pension payments	4,446,421	
Increase in on-behalf TPAF pension expense	<u>(4,446,421)</u>	-

Per GASB Statement No. 75 non-employer contributing entities are required to record a revenue and a corresponding expense for on-behalf other post-employment benefits (OPEB) paid by the State of New Jersey on the statement of activities that are in excess of those amounts reported in the fund financial statements.

Increase in state revenues for on-behalf OPEB payments	615,025	
Increase in on-behalf OPEB expense	<u>(615,025)</u>	-

In the governmental funds, compensated absences are reported as expenditures in the year paid. In the statement of activities, compensated absences are measured by the amounts earned during the year. When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

	<u>(450,835)</u>	
Change in net position of governmental activities	<u>\$ 5,636,744</u>	

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

	Business-type Activities - Enterprise Funds			Major Fund Internal Service Fund
	Non-Major Funds	Major Fund	Total Enterprise Funds	Self Insurance Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 190,110	\$ 185,105	\$ 375,215	\$ 2,609,760
Restricted cash and cash equivalents	-	4,946	4,946	-
Prepaid expense	3,133	-	3,133	-
Intergovernmental accounts receivable	38,268	-	38,268	-
Other accounts receivable	17,939	4,000	21,939	431,093
Inventories	45,625	-	45,625	-
Total current assets	295,075	194,051	489,126	3,040,853
Noncurrent assets:				
Capital assets	617,793	1,700,000	2,317,793	-
Less accumulated depreciation	422,849	117,904	540,753	-
Total noncurrent assets	194,944	1,582,096	1,777,040	-
Total assets	490,019	1,776,147	2,266,166	3,040,853
LIABILITIES				
Current liabilities:				
Accounts payable	40,729	87,425	128,154	177,224
Unearned revenue	32,761	25,412	58,173	-
Escrow deposits payable	-	4,946	4,946	-
Accrued interest payable	-	58,591	58,591	-
Accrued liability for insurance claims	-	-	-	1,202,755
Noncurrent liabilities:				
Due within one year	-	98,074	98,074	-
Due beyond one year	-	977,105	977,105	-
Total liabilities	73,490	1,251,553	1,325,043	1,379,979
NET POSITION				
Invested in capital assets, net of related debt	194,944	506,917	701,861	-
Unrestricted	221,585	17,677	239,262	1,660,874
Total net position	\$ 416,529	\$ 524,594	\$ 941,123	\$ 1,660,874

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			Internal Service Fund
	Non-Major Funds	Major Fund	Total Enterprise Funds	Self Insurance Fund
OPERATING REVENUES:				
Daily sales - reimbursable programs	\$ 331,814	\$ -	\$ 331,814	\$ -
Daily sales - non-reimbursable programs	264,162	-	264,162	-
Rental income	-	362,216	362,216	-
Tuition	110,711	-	110,711	-
Charges for services	-	-	-	13,929,539
Total operating revenues	<u>706,687</u>	<u>362,216</u>	<u>1,068,903</u>	<u>13,929,539</u>
OPERATING EXPENSES:				
Salaries and employee benefits	91,344	-	91,344	-
Labor and labor related costs	498,140	-	498,140	-
Management fees	66,768	12,000	78,768	-
Cleaning, repair and maintenance services	9,947	237,520	247,467	-
Other purchased services	78,332	-	78,332	-
Cost of sales - reimbursable programs	283,573	-	283,573	-
Cost of sales - non-reimbursable programs	92,234	-	92,234	-
Supplies and materials	76,295	-	76,295	-
Depreciation	21,635	20,976	42,611	-
Utilities	-	44,637	44,637	-
Interest expense	-	58,591	58,591	-
Other expenses	6,452	130	6,582	-
Insurance claims	-	-	-	10,495,673
Excess liability insurance premiums	-	-	-	1,594,429
Administrative fees	-	-	-	532,817
State surcharge	-	-	-	166,112
Total operating expenses	<u>1,224,720</u>	<u>373,854</u>	<u>1,598,574</u>	<u>12,789,031</u>
OPERATING INCOME (LOSS)	<u>(518,033)</u>	<u>(11,638)</u>	<u>(529,671)</u>	<u>1,140,508</u>
NON-OPERATING REVENUES:				
State sources:				
State school lunch program	10,393	-	10,393	-
Federal sources:				
School breakfast program	46,632	-	46,632	-
National school lunch program	242,136	-	242,136	-
After school snack program	1,319	-	1,319	-
Special milk program	551	-	551	-
Food donation program	71,949	-	71,949	-
Interest income	9,407	-	9,407	13,151
Total nonoperating revenues	<u>382,387</u>	<u>-</u>	<u>382,387</u>	<u>13,151</u>
NET INCOME (LOSS)	<u>(135,646)</u>	<u>(11,638)</u>	<u>(147,284)</u>	<u>1,153,659</u>
OTHER FINANCING SOURCES:				
Transfer from General Fund	<u>9,000</u>	<u>-</u>	<u>9,000</u>	<u>-</u>
Change in net position	<u>(126,646)</u>	<u>(11,638)</u>	<u>(138,284)</u>	<u>1,153,659</u>
Total net position - beginning	<u>543,175</u>	<u>536,232</u>	<u>1,079,407</u>	<u>507,215</u>
Total net position - ending	<u>\$ 416,529</u>	<u>\$ 524,594</u>	<u>\$ 941,123</u>	<u>\$ 1,660,874</u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			Major Fund Internal Service Fund
	Non-Major Funds	Major Fund	Total Enterprise Funds	Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 689,594	\$ 392,893	\$ 1,082,487	\$ 13,644,250
Payments for employees and employee benefits	(91,344)	-	(91,344)	(9,866,523)
Payments to suppliers for goods and services	(1,095,393)	(222,913)	(1,318,306)	(2,486,219)
Net cash used in operating activities	(497,143)	169,980	(327,163)	1,291,508
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
State sources	10,178	-	10,178	-
Federal sources	338,002	-	338,002	-
Operating subsidies and transfers to/from other funds	9,000	-	9,000	-
Other non-operating income	4,748	-	4,748	-
Net cash provided by non-capital financing activities	361,928	-	361,928	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	-	(225,000)	(225,000)	-
Net cash used for capital and related financing activities	-	(225,000)	(225,000)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	9,407	-	9,407	13,151
Net increase (decrease) in cash and cash equivalents	(125,808)	(55,020)	(180,828)	1,304,659
Cash and cash equivalents - beginning of year	315,918	240,125	556,043	1,305,101
Cash and cash equivalents - end of year	\$ 190,110	\$ 185,105	\$ 375,215	\$ 2,609,760
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (518,033)	\$ (11,638)	\$ (529,671)	\$ 1,140,508
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation and interest expense	21,635	79,567	101,202	-
Food donation program	71,949	-	71,949	-
(Increase) decrease in accounts receivable, net	54,188	(3,780)	50,408	830,734
(Increase) decrease in prepaid expense	(3,133)	-	(3,133)	-
(Increase) decrease in inventories	(34,087)	-	(34,087)	-
Increase (decrease) in accounts payable, net	(18,381)	87,425	69,044	(472,921)
Increase (decrease) in accrued liability	-	-	-	(206,813)
Increase (decrease) in deferred revenue	(71,281)	18,406	(52,875)	-
Total adjustments	20,890	181,618	202,508	151,000
Net cash used in operating activities	\$ (497,143)	\$ 169,980	\$ (327,163)	\$ 1,291,508

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 405,438	\$ 49,970	\$ 1,030,816
Accounts receivable	-	-	105,361
Total assets	<u>405,438</u>	<u>49,970</u>	<u>1,136,177</u>
LIABILITIES			
Accounts payable	38,179	-	105,919
Payroll deductions and withholdings	-	-	542,898
Interfund payable	-	-	9,175
Due to student groups	-	-	478,185
Total liabilities	<u>38,179</u>	<u>-</u>	<u>1,136,177</u>
NET POSITION			
Held in trust for unemployment claims	367,259	-	-
Held in trust for medical and dependent care claims	<u>-</u>	<u>49,970</u>	<u>-</u>
TOTAL NET POSITION	<u><u>\$ 367,259</u></u>	<u><u>\$ 49,970</u></u>	<u><u>\$ -</u></u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust
ADDITIONS:		
Contributions:		
Plan members	\$ 177,982	\$ 144,301
Total contributions	<u>177,982</u>	<u>144,301</u>
Investment earnings:		
Interest	6,569	346
Total investment earnings	<u>6,569</u>	<u>346</u>
Total additions	<u>184,551</u>	<u>144,647</u>
DEDUCTIONS:		
Quarterly contribution reports	91,831	-
Unemployment claims	74,205	-
Qualified medical and dependent care claims	-	124,727
Service charges	-	3,080
Total deductions	<u>166,036</u>	<u>127,807</u>
Change in net position	18,515	16,840
Net position-beginning of the year	<u>348,744</u>	<u>33,130</u>
Net position-end of the year	<u>\$ 367,259</u>	<u>\$ 49,970</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Mount Olive Township School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The purpose of the District is to educate students in grades K-12. The District is a Type II district whose operations include the elementary, middle and high schools located in the County of Morris, State of New Jersey. As a Type II district, the District functions independently through a Board of Education ("Board"). The Board is comprised of nine members elected to three-year terms and is responsible for the fiscal control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide Financial Statements, including a statement of net position and a statement of activities, and Fund Financial Statements which provide a more detailed level of financial information.

District-Wide Financial Statements:

The *statement of net position* and the *statement of activities* present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

A. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into 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 school 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 models.

Governmental Fund Types

The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position, (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 fixed 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 expenses by Board resolution.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

A. Basis of Presentation: (Cont'd)

Governmental Fund Types (Cont'd)

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from state and federal governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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 Fund Types

Proprietary Funds are used to account for activities that are similar to business operations in the private sector. There are two categories of Proprietary Funds -- Enterprise Funds and Internal Service Funds. The following is a description of the Proprietary Funds of the District:

Enterprise Fund: The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges. The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's food service operations, its summer programs, and building rentals. The building rental account is considered a major fund of the District.

Internal Service Fund: The Internal Service Fund is utilized to finance, administer and account for activities that provide goods and/or services to other departments or agencies on a cost-reimbursement basis. GASB Statement No. 10 permits school districts to use an Internal Service Fund to account for risk financing activities, such as self-insurance funds. Accordingly, the District uses the Internal Service Fund to account for its self-insurance activities and is considered a major fund of the District.

Fiduciary Funds

The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, the Payroll Agency Fund, the Flexible Spending Account Trust Fund, and the Unemployment Compensation Insurance Trust Fund.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Measurement Focus and Basis of Accounting:

Measurement focus and basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when measurable and available and expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and capital leases and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year.

Like the district-wide financial statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting in which revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as revenue. All assets and liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net position presents increases and decreases in total net position. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

Due to the differences in the measurement focus and basis of accounting used on the district-wide statements and the governmental fund financial statements, the basic financial statements contain a full reconciliation of these items on Schedules B-1a and B-3.

C. Budgets/Budgetary Control:

An annual appropriated budget is prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget is submitted to the County Office for approval by the Executive County Superintendent before it is formally adopted by the Board of Education. 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. All budget amendments and transfers must be approved by the Board of Education. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget, which have been adjusted for legally authorized revisions of the annual budget during the fiscal year.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Budgets/Budgetary Control: (Cont'd)

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 those instances described in the succeeding paragraphs. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to the difference in revenue recognition of the final two state aid payments. These payments, which are recognized as revenue for budgeting purposes, must be excluded from revenue on the GAAP financial statements since the State records the payments in the subsequent fiscal year. N.J.S.A. 18A:22-44.2 provides that, in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

However, for intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the final two state aid payments in the subsequent fiscal year, school districts cannot recognize this revenue on the GAAP financial statements until the year the State records the payable.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to the difference in revenue recognition of grant funds awarded by the New Jersey Schools Development Authority (SDA). On the budgetary basis, SDA grants are recognized in full when the grant is awarded. On the GAAP financial statements, SDA funds are recognized as they are expended and requested for reimbursement.

GASB 34 requires a reconciliation of inflows and outflows from the budgetary comparison schedules to the GAAP basis funds statements. The reconciliation between budgetary inflows and outflows and GAAP revenues and expenditures is detailed on Schedule C-3 in the required supplementary information section of this report.

D. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Cash and Cash Equivalents and Investments: (Cont'd)

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

E. Interfund Transactions:

On the fund financial statements, receivables and payables resulting from interfund transactions are classified as "Due to/from Other Funds" when there is an expectation of repayment. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds and after non-operating revenue/expenses in the Enterprise Fund.

On the district-wide financial statements, interfund balances between governmental funds are eliminated in the statement of net position and the net residual amounts due between governmental and business-type activities is presented as internal balances.

F. Encumbrances:

Under encumbrance accounting, purchase orders, contracts and/or other commitments that are issued in the current year that will be honored in the subsequent year are considered reservations of fund balance in order to reserve a portion of the applicable appropriation. Open encumbrances do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the Special Revenue Fund, are reported as restricted, committed, and/or assigned fund balances at fiscal year-end, depending on their level of restriction. 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 at the end of the current fiscal year.

Open encumbrances in the Special Revenue Fund for which the district has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

G. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed over the twelve-month fiscal year; however, salaries may be accrued at year-end for unsettled employment contracts. At June 30, 2020 the District had no unsettled employment contracts.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Capital Assets:

The capitalization threshold used by school districts in the State of New Jersey is \$2,000. In the district-wide financial statements, all capital assets, with the exception of land, are recorded at original cost and are depreciated over the estimated useful life of the asset. Land has been recorded at the estimated historical cost at the time the land was acquired and is not depreciated. Donated capital assets are valued at their estimated fair market value on the date received. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the asset's currently capitalized cost.

Depreciation is computed using the straight-line method in accordance with the following schedule of useful lives:

	<u>Estimated Useful Life</u>
Buildings and building improvements	25-50 years
Tools and machinery	10-15 years
Vehicles	10 years
Public safety and security related equipment	10-20 years
Recreational and fine arts equipment	12-15 years
Office equipment	7-10 years
Furnishings	10-20 years
Computer hardware	5 years
Kitchen equipment	12 years
Laboratory, scientific and medical apparatus	10 years
Audiovisual and communications equipment	7-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

I. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations, such as accrued compensated absences and net pension liability, are reported as liabilities in the applicable governmental or business-type activities. Bond discounts and deferred interest on refunding bonds are reported as deferred charges and are amortized over the term of the related debt using the straight-line method of amortization. Premiums received on debt issuances are reported as current liabilities and are expensed over the term of the related debt using the straight-line method of amortization. In the fund financial statements, transactions related to new bond issues are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the year incurred.

J. Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Unearned revenue in the general and enterprise funds represents cash which has been received but not yet earned, such as tuition and facility rental fees. Unearned revenue in the special revenue fund represents grants and entitlement funds received before the eligibility requirements have been met.

K. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Inventories:

Inventories are presented at cost, which approximates market, using the first-in, first-out ("FIFO") method and are expensed when used. Inventories of proprietary funds consist of food and goods held for resale, including supplies, and are expensed when used.

M. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted personal days and vacation and sick leave in varying amounts in accordance with the District's employment contracts. Upon termination, resignation or retirement employees are paid for accrued vacation. Unused sick leave benefits begin vesting after 15 years of continuous service with the District for employees covered under the EAMO contract and 10 years of service for employees covered by the Administrators' contract. Accumulated sick leave is paid out at fixed maximum amounts in accordance with the appropriate employment contract.

In the district-wide Statement of Net Position, compensated absences are reported as liabilities and are broken down between those that are due within one year and those payable beyond one year.

N. Revenue - Exchange and Nonexchange 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 that 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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property 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 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 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 District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, tuition, unrestricted grants, and interest.

O. Prepaid Items:

Payments made to vendors for services that will benefit future periods are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which the services are consumed. At June 30, 2020 the District had prepaid items totaling \$3,133.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Restrictions, Commitments, and Assignments:

The District reports its fund balance classifications in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The *restricted* fund balance category includes amounts constrained for specific purposes as stipulated by external parties, constitutional provision, or enabling legislation. At June 30, 2020 the District had restricted fund balances of \$2,475,745 for capital projects, \$500,000 for maintenance reserve, \$488 for future debt service payments, and \$1,219,850 for excess surplus, which will be appropriated and included as anticipated revenue in the 2021-2022 budget.

The *committed* fund balance classification includes amounts that can be used only for specific purposes as determined by formal action of the District's highest level of decision-making authority. The Board of Education has the authority to formally commit resources for specific purposes through a formal motion or resolution that is passed by a majority of the members of the Board of Education at a public meeting. Such process must also be used to remove or change the commitment of resources. At June 30, 2020 the District had committed resources totaling \$1,045,354 for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Unit Ventilator Replacement at Sandshore Elementary School	\$144,031
Athletic Supplies and Equipment	32,550
Professional Services – Transportation Audit	12,500
Bathroom Renovations at Sandshore Elementary School	127,000
Installation of a Geodome at Mount Olive High School	138,638
English Language Arts Curriculum Materials	276,718
Augmented Reality/Mixed Media Educational Products for Mount Olive High School	100,000
Virtual Dissection Tables for Mount Olive High School	213,917
	<u>\$1,045,354</u>

Amounts in the *assigned* fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. At June 30, 2020 the District had assigned resources for outstanding encumbrances totaling \$423,240 and for amounts designated for subsequent year's expenditures totaling \$3,269,549.

Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. At June 30, 2020 the District had unassigned resources totaling \$1,455,123.

Q. Calculation of Excess Surplus:

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C. 73 (S1701), the designation for Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). The law limits the maximum unassigned fund balance which regular districts may have at year end to 2 percent of adjusted General Fund expenditures. The amount in excess of the 2 percent limitation must be restricted and appropriated and included as anticipated revenue in a subsequent year's budget. At June 30, 2020 the District had fund balance restricted for excess surplus in the amount of \$1,219,850. This amount will be appropriated and included as anticipated revenue in the 2021-2022 budget. The excess surplus calculation is included in the Auditor's Management Report (AMR).

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position:

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. At June 30, 2020, the District had \$758,679 in deferred outflows of resources for deferred loss on defeasance of debt arising from the issuance of refunding bonds and \$4,398,319 for deferred amounts related to the PERS pension liability. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. At June 30, 2020, the District had \$9,154,792 in deferred inflows of resources for the deferred amounts related to the PERS pension liability.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Operating Revenue and Expenses:

Operating revenue are those revenue that are generated directly from the primary activity of the Enterprise Fund. For the District, these revenue are sales from food service operations and tuition for the community school and summer school programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

T. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence.

U. Allocation of Indirect Expenses:

Expenses that can be directly attributable to a specific function are reported by function in the Statement of Activities. Indirect expenses, which are not clearly identifiable with a function, are allocated to functions where practicable. Employee benefits and depreciation expense are two examples of indirect expenses. Employee benefits that cannot be directly attributable to a specific function, such as social security, pension contributions, workers compensation, and medical and dental benefits are allocated based on the salaries of that function. Depreciation expense on capital assets purchased after July 1, 2002 is allocated by function. However, depreciation expense on capital assets purchased prior to July 1, 2002 is unallocated and is reported as unallocated depreciation on the Statement of Activities.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

V. Accounting and Financial Reporting for Pensions:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires state or local government employers (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. Deferred outflows and inflows of resources are recognized for differences between expected and actual experience, changes of assumptions, the net difference between projected and actual investment earnings on pension plan investments, changes in proportion, and differences between employer contributions and proportionate share of contributions.

Note 12 provides a full description of the pension plans offered by the District along with the related accounting and financial data.

W. Recent Accounting Pronouncements:

During fiscal year 2020, the District adopted the following GASB Statements:

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. Recent Accounting Pronouncements: (Cont'd)

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction*. The objectives of this Statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 31, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020.

X. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Y. Deficit Net Position:

At June 30, 2020, the District has a deficit in unrestricted net position of \$24,972,079 in governmental activities. The deficit is primarily attributable to the District's allocated share of the net pension liability for PERS employees, which totaled \$23,745,308 at year-end. The deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Credit Risk - The District limits its investments to those authorized in its cash management plan which are permitted under state statute as detailed below.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories 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. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

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

Permissible Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities, provided they meet the following criteria detailed in the statute:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2020, cash and cash equivalents of the District consisted entirely of amounts deposited in interest bearing checking, savings, and money market accounts as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Governmental Funds - Unrestricted	\$6,257,557	\$5,930,278
Governmental Funds - Restricted	2,976,233	2,976,233
Proprietary Funds - Unrestricted	2,999,219	2,984,975
Proprietary Funds - Restricted	4,946	4,946
Agency Funds	1,049,968	1,030,816
Trust Funds	456,486	455,408
	<u>\$13,744,409</u>	<u>\$13,382,656</u>

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by resolution of the Board of Education during the 1998-99 fiscal year to provide for the accumulation of funds for 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 State Department of Education, 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. 6:23A-5.1(d) 7, 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 account for the 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$1,917,985
Increased by:	
Additional increase authorized by Board resolution	\$1,500,000
Funds returned from unexpended project balance	55,984
Interest earnings	18,776
	<u>1,574,760</u>
	3,492,745
Decreased by:	
Budgeted withdrawal from capital reserve	<u>1,017,000</u>
Ending balance, June 30, 2020	<u>\$2,475,745</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 is \$14,639,000.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 5. RECEIVABLES

Receivables at June 30, 2020 consisted of state and federal aid receivable, intergovernmental accounts receivable, interfund accounts receivable, and other accounts receivable. No allowance for uncollectible accounts has been recorded as all receivables are considered collectible in full. The following is a summary of the principal receivable items.

State aid receivable	\$ 2,351,415
Federal grants receivable	42,680
Intergovernmental accounts receivable	135,584
Interfund accounts receivable	9,175
Other accounts receivable	531,535
	<hr/>
Total receivables	<u>\$ 3,070,389</u>

A detailed schedule of state aid and federal grants receivable can be found on Schedules K-3 and K-4 of this report.

NOTE 6. INTERFUND BALANCES AND TRANSFERS

The District had the following interfund balances on the various balance sheets at June 30, 2020:

Fund	Interfund Receivable	Interfund Payable
General Fund	<u>\$192,435</u>	
Special Revenue Fund		\$183,260
Fiduciary Fund		9,175
	<hr/>	<hr/>
	<u>\$192,435</u>	<u>\$192,435</u>

The interfund balance between the General Fund and the Special Revenue Fund is comprised of funds advanced to cover deficit cash balances while awaiting the collection of federal grant reimbursements. The interfund balance between the General Fund and the Fiduciary Fund is comprised of interest earnings and COBRA administration fees not yet transferred at year-end. All interfund transfers are expected to be repaid within one year.

During the fiscal year, the District made the following interfund transfers to and from the General Fund:

Transfer from Capital Reserve to Capital Projects Fund for local share of capital projects	(\$1,017,000)
Transfer from General Fund to Enterprise Fund to cover deficit account balance	(9,000)
Transfer from Capital Projects Fund to Capital Reserve for unexpended project balances	55,984
	<hr/>
Net Transfers to/(from) General Fund	<u>(\$970,016)</u>

NOTE 7. INVENTORIES

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food	\$ 38,549
Non-Food Items	7,076
	<hr/>
	<u>\$ 45,625</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, 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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)

NOTE 8. CAPITAL ASSETS

The District appointed Acclaim Inventory LLC to conduct a physical inventory of its capital assets as of June 30, 2020. The following schedule details the district's capital asset activity for the year ended June 30, 2020:

	Beginning Balance	Additions	Adjustments	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,377,059	\$ -	\$ -	\$ 1,377,059
Total capital assets not being depreciated	1,377,059	-	-	1,377,059
Capital assets being depreciated:				
Site and site improvements	11,223,144	29,870	-	11,253,014
Building and building improvements	119,788,512	2,749,396	-	122,537,908
Machinery and equipment	16,298,303	1,033,391	(827,304)	16,504,390
Total capital assets being depreciated	147,309,959	3,812,657	(827,304)	150,295,312
Governmental activities capital assets	148,687,018	3,812,657	(827,304)	151,672,371
Less accumulated depreciation for:				
Site and site improvements	(4,254,930)	(485,038)	-	(4,739,968)
Building and improvements	(56,021,497)	(3,650,792)	-	(59,672,289)
Machinery and equipment	(7,835,810)	(1,263,068)	821,850	(8,277,028)
Total accumulated depreciation	(68,112,237)	(5,398,898)	821,850	(72,689,285)
Government activities capital assets, net	\$ 80,574,781	\$ (1,586,241)	\$ (5,454)	\$ 78,983,086
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 651,200	\$ -	\$ -	\$ 651,200
Total capital assets not being depreciated	651,200	-	-	651,200
Capital assets being depreciated:				
Building and building improvements	1,048,800	-	-	1,048,800
Machinery and equipment	617,793	-	-	617,793
Total capital assets being depreciated	1,666,593	-	-	1,666,593
Business-type activities capital assets	2,317,793	-	-	2,317,793
Less accumulated depreciation for:				
Building and improvements	(96,928)	(20,976)	-	(117,904)
Machinery and equipment	(401,214)	(21,635)	-	(422,849)
Total accumulated depreciation	(498,142)	(42,611)	-	(540,753)
Business-type activities capital assets, net	\$ 1,819,651	\$ (42,611)	\$ -	\$ 1,777,040

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular programs – instruction	\$ 235,598
Special education programs	24,510
Other instructional programs	10,772
Student and instruction related services	44,583
School administrative services	3,645
Other administrative services	149,737
Plant operations and maintenance	4,410,231
Pupil transportation	471,288
School sponsored co-curricular activities	48,534
	<hr/>
Total depreciation expense	<u>\$ 5,398,898</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020 the following changes occurred in long-term obligations reported in the district-wide financial statements:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Serial bonds payable	\$ 26,110,000	\$ -	\$ 3,540,000	\$ 22,570,000
Capital leases payable	2,999,462	-	952,905	2,046,557
Unamortized bond issuance premium	2,933,313	-	528,516	2,404,797
Net pension liability	25,992,349		2,247,041	23,745,308
Compensated absences payable	1,894,588	591,797	140,962	2,345,423
Total governmental activities	59,929,712	591,797	7,409,424	53,112,085
Business-type activities:				
Building lease payable	1,237,500	-	162,321	1,075,179
Total long-term liabilities	<u>\$ 61,167,212</u>	<u>\$ 591,797</u>	<u>\$ 7,571,745</u>	<u>\$ 54,187,264</u>

	Amounts Due Within One Year	Amounts Due Beyond One Year	Total
Governmental activities:			
Serial bonds payable	\$ 3,720,000	\$ 18,850,000	\$ 22,570,000
Capital leases payable	804,491	1,242,066	2,046,557
Unamortized bond issuance premium	524,999	1,879,798	2,404,797
Net pension liability	1,464,894	22,280,414	23,745,308
Compensated absences payable	1,050,062	1,295,361	2,345,423
Total governmental activities	7,564,446	45,547,639	53,112,085
Business-type activities:			
Building lease payable	98,074	977,105	1,075,179
Total long-term liabilities	<u>\$ 7,662,520</u>	<u>\$ 46,524,744</u>	<u>\$ 54,187,264</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

Serial Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Bonds payable at June 30, 2020 are comprised of the following issues:

Purpose	Issue Date	Original Amount Issued	Interest Rates	Date of Maturity	Principal Balance at June 30, 2020
Middle School Construction	10/29/2014	\$16,740,000	3.00-5.00%	1/15/2023	\$6,945,000
Early Retirement Incentive	12/20/2011	1,535,000	2.61-3.48%	2/01/2021	210,000
High School Addition	04/20/2016	7,540,000	3.00-5.00%	7/15/2029	7,430,000
High School Addition	04/20/2016	8,095,000	3.00-5.00%	7/15/2025	7,985,000
					<u>\$22,570,000</u>

Bond Obligations:

Debt service requirements on serial bonds payable at June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,720,000	\$ 1,004,208	\$ 4,724,208
2022	3,660,000	855,400	4,515,400
2023	3,835,000	684,950	4,519,950
2024	1,455,000	506,250	1,961,250
2025	1,515,000	439,275	1,954,275
2026	1,395,000	366,525	1,761,525
2027	1,640,000	290,650	1,930,650
2028	1,710,000	206,900	1,916,900
2029	1,785,000	128,450	1,913,450
2030	<u>1,855,000</u>	<u>46,375</u>	<u>1,901,375</u>
	<u>\$ 22,570,000</u>	<u>\$ 4,528,983</u>	<u>\$ 27,098,983</u>

Capital Leases Payable:

The District has outstanding leases for school buses, LED lighting upgrades, and the air dome at Mount Olive High School. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under capital leases:

Fiscal Year Ending June 30,	Future Minimum Lease Payments
2021	\$ 804,491
2022	681,977
2023	416,438
2024	<u>143,651</u>
	<u>\$ 2,046,557</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

Unamortized Bond Issuance Premium:

At June 30, 2020, the District had unamortized premiums on four refunding bond issues totaling \$2,404,797 as follows:

<u>Issue Date</u>	<u>Purpose</u>	<u>Unamortized Premium</u>
10/29/2014	Middle School Construction	\$ 655,543
04/20/2016	High School Addition	1,058,110
04/20/2016	High School Addition	691,144
		<u>\$ 2,404,797</u>

Amortization expense for the fiscal year ended June 30, 2020 amounted to \$528,516. Bond premiums are amortized using the straight-line method over the life of the specific bonds as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amortization Expense</u>
2021	\$ 524,999
2022	524,999
2023	393,890
2024	262,781
2025	238,949
2026	119,786
2027	119,786
2028	119,786
2029	99,821
	<u>\$ 2,404,797</u>

Net Pension Liability:

At June 30, 2020, the District reported a liability of \$23,745,308 for its proportionate share of the Public Employees' Retirement System's (PERS) net pension liability. Of this amount, \$1,464,894 is due within one year and \$22,280,414 is due beyond one year.

See Note 12 for further information on the PERS pension plan.

Compensated Absences Payable:

The liability for compensated absences reported in the District-wide financial statements consists of unpaid accumulated vacation and sick leave balances as of June 30, 2020. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The entire compensated absence liability is reported on the District-wide financial statements.

The total liability for compensated absences amounted to \$2,345,423 at June 30, 2020. Of this amount, \$1,050,062 is due within one year and \$1,295,361 is due beyond one year. Compensated absences will be liquidated by the General Fund.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

Building Lease Payable:

In July 2015, the District entered into an agreement to purchase property located at 227 US Route 206 in Flanders NJ. The property is comprised of two, nearly identical three-story buildings – one of which is being used as the new administration building, while the other (known as “Building 2”) is being rented as commercial office space. The new administration building was purchased outright for cash at a cost of \$1,700,000. The Board of Education entered into a lease agreement to purchase the second building, which entitles the former owner to earn \$2,350,000 (the “earnout amount”) from the net rents collected from the operation of Building 2. The term of the Building 2 lease is the period of time required for the former owner to receive the entire earnout amount, but shall not exceed 15 years. The difference between the earnout amount of \$2,350,000 and the \$1,700,000 capitalized cost is considered interest, imputed at the rate of 4.35%, which will be expensed over the earnout period, or 15 years, whichever comes first.

During the 2020 fiscal year, the District made a lease payment of \$225,000. Of this amount, \$62,679 was considered interest and the remaining balance of \$162,321 was applied as principal, bringing the outstanding principal balance to \$1,075,179.

NOTE 10. DEFERRED LOSS ON DEFEASANCE OF DEBT

Deferred loss on defeasance of debt arising from the issuance of refunding bonds is recorded as a deferred outflow of resources. The amount is amortized using the straight-line method over the life of the related debt as a component of interest expense. As of June 30, 2020, the District has recorded an unamortized balance of \$758,679 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2020 was \$178,389.

NOTE 11. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets is calculated as follows:

Governmental activities:	
Capital assets, net of depreciation	\$ 78,983,086
Outstanding bond obligations used to build or acquire capital assets	(22,360,000)
Capital leases payable	(2,046,557)
Deferred loss on defeasance of debt used to build or acquire capital assets	747,406
Unamortized deferred premium	<u>(2,404,797)</u>
Total governmental activities	<u>\$ 52,919,138</u>
Business-type activities:	
Capital assets, net of depreciation	\$ 1,777,040
Outstanding lease obligations used to build or acquire capital assets	<u>(1,075,179)</u>
Total business-type activities	<u>\$ 701,861</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. PENSION PLANS

Substantially all of the Board's employees participate in one of the three contributory, defined benefit retirement systems: A.) the Public Employee's Retirement System of New Jersey; B.) the Teachers' Pension and Annuity Fund; or C.) the Defined Contribution Retirement Program.

A. Public Employees' Retirement System

Plan Description

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 PERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (Division). 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. For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report, which may be obtained by writing to the New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or can be accessed online at www.state.nj.us/treasury/pensions.

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The District's contribution to PERS amounted to \$1,286,942 for fiscal year 2020. The employee contribution rate for fiscal year 2020 was 7.5% of base salary.

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

At June 30, 2020, the District reported a liability of \$23,745,308 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.1317830612%, which was a decrease of 0.0002281451% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$1,012,377. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 426,197	104,896
Changes of assumptions	2,371,056	8,241,921
Net difference between projected and actual investment earnings	<u>2,797,253</u>	<u>374,829</u>
	2,797,253	8,721,646
Changes in proportion	314,124	433,146
District contributions subsequent to the measurement date	<u>1,464,894</u>	
	<u>\$ 4,576,271</u>	<u>\$ 9,154,792</u>

District contributions subsequent to the measurement date (\$1,464,894) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year Ending June 30,</u>	<u>Pension Expense</u>
2020	\$ (685,656)
2021	(2,224,256)
2022	(1,986,131)
2023	(932,591)
2024	(95,759)
	<u>\$ (5,924,393)</u>

Changes in Proportion

The previous amounts do not include deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts are recognized (amortized) over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

Actuarial Assumptions

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

Inflation Rate (price)	2.75%
Inflation Rate (wage)	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% (based on years of service)
Thereafter	3.00 - 7.00% (based on years of service)
Investment Rate of Return	7.00%

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (5.28%)</u>	<u>Current Rate (6.28%)</u>	<u>1% Increase (7.28%)</u>
District's proportionate share of net pension liability	\$30,202,844	\$23,745,308	\$18,608,304

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Plan Fiduciary Net Position

At June 30, 2019, the plan fiduciary net position as a percentage of the total pension liability was 56.27%. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund

Plan Description

The Teachers' Pension and Annuity Fund (TPAF) 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 TPAF is considered a cost-sharing multiple-employer defined benefit pension 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. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report, which may be obtained by writing to the New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or can be accessed online at www.state.nj.us/treasury/pensions.

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy established by N.J.S.A 18A:66-33 requires contributions by active members and participating employers. Contributions for local participating employers are legally required to be funded by the State. Therefore, local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

During the fiscal year ended 2020, the State of New Jersey contributed \$6,856,523 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$11,302,944. The employee contribution rate was 7.5% of base salary for the 2020 fiscal year.

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

Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the District. However, the notes to the financial statements must disclose the State's proportionate share of the net pension liability that is associated with the District. In addition, the District must recognize pension revenue and expense in an amount equal to the District's proportionate share of the collective pension expense. At June 30, 2019 the State reported a net pension liability of \$61,519,112,443 and pension expense of \$3,628,561,693. The District's proportionate share of the net pension liability and pension expense was as follows:

State's proportionate share of the net pension liability associated with the district	\$ 191,631,597
District's proportionate share of the collective pension expense	\$ 11,302,944

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the proportion of the TPAF net pension liability associated with the District was 0.3122513440%.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$1,203,503,264	\$213,344,311
Changes of assumptions	8,729,264,342	17,163,131,436
Differences between projected and actual investment earnings on pension plan investments		163,369,676
	<u>\$9,932,767,606</u>	<u>\$17,539,845,423</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Pension Expense</u>
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	<u>\$ (7,607,077,817)</u>

Actuarial Assumptions

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

Inflation Rate (price)	2.75%
Inflation Rate (wage)	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% (based on years of service)
Thereafter	2.75 – 5.65% (based on years of service)
Investment Rate of Return	7.00%

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

Mortality Rates

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
Net pension liability	\$72,544,649,801	\$61,519,112,443	\$52,371,397,951

Pension Plan Fiduciary Net Position

At June 30, 2019, the plan fiduciary net position as a percentage of the total pension liability was 26.95%. Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the Deferred Compensation Retirement Plan (DCRP). The DCRP was established effective July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and was later expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment. Employees enrolled in the DCRP contribute 5.5% of their annual compensation, as defined by the plan, which is matched by a 3% employer contribution. Prudential Financial jointly administers the DCRP investments with the New Jersey Division of Pensions and Benefits.

For the fiscal year ended June 30, 2019, the District recognized DCRP pension expense of \$123,290.

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

Plan Description and Benefits Provided

The District is in a "special funding situation", as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	148,051
Active plan members	<u>216,892</u>
Total	<u>364,943</u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (Cont'd)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	<u>TPAF/APB</u>	<u>PERS</u>
Salary increases through 2026	1.55 – 3.05% based on years of service	2.00 – 6.00% based on years of service
Salary increases thereafter	1.55 – 3.05% based on years of service	3.00 – 7.00% based on years of service

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (Cont'd)

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

District's proportionate share of OPEB liability - beginning	\$ 158,119,320
Changes for the year:	
Service cost	\$ 5,438,156
Interest cost	6,248,138
Difference between expected and actual experience	(24,862,642)
Changes in assumptions	2,129,432
Member contributions	129,957
Gross benefit payments	<u>(4,384,095)</u>
Net changes	<u>(15,301,054)</u>
District's proportionate share of OPEB liability - ending	<u>\$ 142,818,266</u>

In accordance with GASB Codification Section P50, the District's proportionate share of the OPEB liability is the sole responsibility of the State of New Jersey; therefore, there is no liability recognized in the District financial statements.

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$168,724,810	\$142,818,266	\$122,239,528

Because the District's proportionate share of the OPEB liability is zero, potential changes in the discount rate have no bearing on the District.

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$117,675,885	\$142,818,266	\$176,101,615

Because the District's proportionate share of the OPEB liability is zero, potential changes in the healthcare cost trend rate have no bearing on the District.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (Cont'd)

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$3,204,261 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion	\$ 2,299,868	\$ 600,546
Differences between expected and actual experience		35,884,916
Changes of assumptions or other inputs		29,028,133
Total	<u>\$ 2,299,868</u>	<u>\$ 65,513,595</u>

Because the District's proportionate share of the OPEB liability is zero, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources in the District's financial statements.

NOTE 14. OTHER ON-BEHALF TPAF CONTRIBUTIONS

In addition to the TPAF pension and other post-employment benefits paid on behalf of the District, the State makes on-behalf contributions for non-contributory group insurance and long-term disability insurance in accordance with N.J.S.A. 18A:66-66. The District is also reimbursed for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

The following is a summary of these additional on-behalf TPAF contributions made by the State over the last three fiscal years:

<u>Year Ending June 30,</u>	<u>Non-contributory Group Insurance</u>	<u>Long-term Disability Insurance</u>	<u>Social Security Contributions</u>
2020	\$ 122,895	\$ 5,935	\$ 2,544,821
2019	\$ 128,552	\$ 6,805	\$ 2,494,801
2018	\$ 113,492	\$ 8,418	\$ 2,390,917

On-behalf TPAF contributions have been included in the district-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24 paragraphs 7 through 13.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15. 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 tax sheltered annuity plans, which are administered by the entities listed below, permit 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.

Deferred compensation plans are available from the following providers:

Ameriprise Financial
AXA Equitable Financial
Brighthouse Financial
Lincoln Financial
National Education Association (NEA)
National Life Group
New York Life
Sun America Mutual Funds
Valic
Vanguard

ADMIN Partners, LLC of Cherry Hill, NJ acts as the plan administrator for the District's deferred compensation plans.

NOTE 16. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Commercial Insurance – The District maintains commercial insurance coverage for property, general liability, auto, worker's compensation, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Self-Insurance – In July 2017 the District entered into a self-funded insurance plan with Horizon Blue Cross/Blue Shield for medical and prescription coverage and an internal service fund was established to account for its self-insurance activities. To mitigate any potential losses, the District purchased stop loss insurance for claims in excess of \$100,000. An accrued liability in the amount of \$1,202,755 has been recorded in the internal service fund financial statements for incurred but not reported claims (IBNR). The IBNR liability for medical and prescription claims has been calculated by the District based on actual claims reported through October 4, 2020. At June 30, 2020, the District had an unrestricted net position of \$1,660,874 available for future medical and prescription claims.

NOTE 17. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of the District's contributions, member contributions, interest earnings, quarterly billings, and reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

Year Ended June 30,	Plan Member Contributions	Interest Earnings	Quarterly Billings	Reimbursed to State	Ending Balance
2020	\$177,982	\$6,569	\$91,831	\$74,205	\$367,259
2019	\$144,405	\$8,646	\$60,806	\$81,228	\$348,744
2018	\$145,011	\$4,781	\$62,671	\$13,692	\$337,727

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 18. FUND BALANCE APPROPRIATED

General Fund - Of the \$10,388,861 General Fund balance at June 30, 2020, \$1,468,594 is committed or assigned for outstanding encumbrances, \$3,269,549 has been designated for subsequent year expenditures, \$1,219,850 has been restricted as excess surplus to be appropriated and included as anticipated revenue in the 2021-22 school district budget, \$2,475,745 has been restricted as capital reserve, \$500,000 has been restricted as maintenance reserve and \$1,455,123 is unassigned.

Debt Service Fund – The restricted Debt Service Fund balance of \$488 at June 30, 2020 will be appropriated and included as anticipated revenue in the 2021-22 school district budget.

NOTE 19. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

The Township of Mount Olive recognized revenue in the amount of \$442,310 from three payment in lieu of taxes ("PILOT") agreements. The taxes that would have been paid on these properties without the abatement would have been \$925,255.

The tax abatement agreements entered into by the Township of Mount Olive do not affect the school district's local tax revenue because N.J.S.A. 54:4-76 requires the school district's proportionate share of property taxes to be paid when due in accordance with the payment schedule established by N.J.S.A. 54:4-75. Should there not be sufficient funds in the treasury available for such payments, the governing body shall immediately borrow sufficient money and pay such taxes when due.

NOTE 20. ECONOMIC DEPENDENCY

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

NOTE 21. CONTINGENT LIABILITIES

Grant Programs:

The District participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies and are subject to program compliance audits by grantors or their representatives. To the extent that the District has not complied with the rules and regulations governing the grants, the school district is potentially liable for expenditures which may be disallowed pursuant to the terms of the grant agreements. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Pending Litigation:

The Board's attorney is unaware of any potential claims or lawsuits, unasserted or otherwise, against the District that would materially affect the financial position of the District.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 22. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 18, 2020, the date which the financial statements were available to be issued, and no other items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local sources:					
Local tax levy	\$ 67,912,108	\$ -	\$ 67,912,108	\$ 67,912,108	\$ -
Tuition charges	750,000	-	750,000	886,601	136,601
Transportation fees	21,000	-	21,000	7,966	(13,034)
Interest on investments	275,000	-	275,000	244,673	(30,327)
Interest earned on capital reserve funds	1,000	-	1,000	18,776	17,776
Miscellaneous	469,000	-	469,000	489,107	20,107
Total - Local Sources	69,428,108	-	69,428,108	69,559,231	131,123
State sources:					
Categorical special education aid	2,959,145	-	2,959,145	2,959,145	-
Equalization aid	12,858,723	-	12,858,723	12,858,723	-
Categorical security aid	106,585	-	106,585	106,585	-
Transportation aid	1,067,482	-	1,067,482	1,067,482	-
Extraordinary aid	503,500	-	503,500	1,885,241	1,381,741
Nonpublic transportation aid	-	-	-	3,131	3,131
Homeless tuition aid	-	-	-	5,778	5,778
TPAF on-behalf pension contribution (Non-Budgeted)	-	-	-	6,856,523	6,856,523
TPAF on-behalf non-contributory group insurance (Non-Budgeted)	-	-	-	122,895	122,895
TPAF on-behalf post-retirement medical contribution (Non-Budgeted)	-	-	-	2,589,236	2,589,236
TPAF on-behalf long term disability insurance premium (Non-Budgeted)	-	-	-	5,935	5,935
TPAF social security contributions (Reimbursed - Non-Budgeted)	-	-	-	2,544,821	2,544,821
Total - State Sources	17,495,435	-	17,495,435	31,005,495	13,510,060
Federal sources:					
Medicaid Reimbursement	76,132	-	76,132	57,805	(18,327)
Total - Federal Sources	76,132	-	76,132	57,805	(18,327)
TOTAL REVENUES	86,999,675	-	86,999,675	100,622,531	13,622,856

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

EXPENDITURES:

CURRENT:

Regular programs - distributed instruction:

Salaries of teachers:

Preschool

Kindergarten

Grades 1 - 5

Grades 6 - 8

Grades 9 - 12

Regular programs - home instruction:

Salaries of teachers

Purchased professional - educational services

Other programs - undistributed instruction:

Regular salaries for instruction

Purchased professional - educational services

Other purchased services

General supplies

Textbooks

Other objects

Total Regular Programs - Instruction

Special education - instruction:

Learning and/or language disabilities:

Salaries of teachers

Other salaries for instruction

Total Learning and/or Language Disabilities

Behavioral disabilities:

Salaries of teachers

Other salaries for instruction

Total Behavioral Disabilities

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
\$	41,257	\$	53,618	\$	94,875
	560,222	(13,013)	547,209	547,179	-
	8,107,462	(245,590)	7,861,872	7,758,407	30
	5,599,215	(165,075)	5,434,140	5,224,148	103,465
	8,289,698	(38,500)	8,251,198	8,083,366	209,992
					167,832
	23,000	-	23,000	11,130	11,870
	44,650	1,469	46,119	38,511	7,608
	193,874	(50,000)	143,874	99,005	44,869
	38,000	(17,625)	20,375	9,290	11,085
	734,470	(57,226)	677,244	612,885	64,359
	1,500,052	127,142	1,627,194	1,074,972	552,222
	496,255	2,008	498,263	373,328	124,935
	14,058	-	14,058	8,987	5,071
	25,642,213	(402,792)	25,239,421	23,936,083	1,303,338
	594,396	(22,588)	571,808	493,244	78,564
	102,097	(19,775)	82,322	59,524	22,798
	696,493	(42,363)	654,130	552,768	101,362
	302,997	(4,450)	298,547	298,199	348
	197,814	(26,495)	171,319	171,302	17
	500,811	(30,945)	469,866	469,501	365

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple disabilities:					
Salaries of teachers	\$ 443,808	\$ 37,200	\$ 481,008	\$ 474,637	\$ 6,371
Other salaries for instruction	150,530	(70,700)	79,830	39,706	40,124
Other objects	2,200	-	2,200	724	1,476
Total Multiple Disabilities	596,538	(33,500)	563,038	515,067	47,971
Resource room/resource center:					
Salaries of teachers	3,992,829	(13,775)	3,979,054	3,978,310	744
Other salaries for instruction	639,728	110,375	750,103	748,788	1,315
Total Resource Room/Resource Center	4,632,557	96,600	4,729,157	4,727,098	2,059
Autism:					
Salaries of teachers	136,147	57,208	193,355	193,351	4
Other salaries for instruction	142,190	(14,000)	128,190	127,636	554
Total Autism	278,337	43,208	321,545	320,987	558
Preschool disabilities - Part-Time:					
Salaries of teachers	275,976	(17,500)	258,476	207,870	50,606
Other salaries for instruction	83,734	7,500	91,234	90,185	1,049
Total Preschool Disabilities - Part-Time	359,710	(10,000)	349,710	298,055	51,655
Home instruction:					
Salaries of teachers	20,000	-	20,000	11,821	8,179
Purchased professional - educational services	20,400	203	20,603	13,027	7,576
Other purchased services	1,600	-	1,600	1,368	232
Total Home Instruction	42,000	203	42,203	26,216	15,987
Total Special Education - Instruction	7,106,446	23,203	7,129,649	6,909,692	219,957

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs:					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 696,950	\$ (56,000)	\$ 640,950	\$ 587,058	\$ 53,892
Purchased services	2,750	-	2,750	-	2,750
General supplies	8,910	-	8,910	-	8,910
Total Basic Skills/Remedial - Instruction	708,610	(56,000)	652,610	587,058	65,552
Bilingual education - instruction:					
Salaries of teachers	422,801	-	422,801	392,910	29,891
General supplies	3,000	-	3,000	-	3,000
Total Bilingual Education - Instruction	425,801	-	425,801	392,910	32,891
Total Other Instructional Programs	1,134,411	(56,000)	1,078,411	979,968	98,443
School sponsored other instructional programs:					
School sponsored co/extra curricular activities - instruction:					
Salaries	270,854	66,225	337,079	336,984	95
Purchased services	96,647	17,625	114,272	102,024	12,248
Supplies and materials	35,600	(3,200)	32,400	17,965	14,435
Other objects	21,300	-	21,300	20,899	401
Total School Sponsored Co/Extra Curricular Activities - Instruction	424,401	80,650	505,051	477,872	27,179
School sponsored athletics - instruction:					
Salaries	847,508	(1,350)	846,158	809,580	36,578
Purchased services	252,694	(3,600)	249,094	245,016	4,078
Supplies and materials	98,000	27,335	125,335	61,674	63,661
Other objects	33,500	-	33,500	32,330	1,170
Total School Sponsored Athletics - instruction	1,231,702	22,385	1,254,087	1,148,600	105,487
School sponsored before/after school programs - instruction:					
Salaries of teachers	20,000	-	20,000	12,500	7,500
Other salaries for instruction	20,000	-	20,000	11,333	8,667
Salaries of teacher tutors	74,000	49,375	123,375	112,442	10,933
Supplies and materials	12,500	-	12,500	96	12,404
Other objects	1,650	-	1,650	-	1,650
Total School Sponsored Before/After School Programs - Instruction	128,150	49,375	177,525	136,371	41,154

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

School sponsored before/after school programs - support services:
Salaries

Total School Sponsored Before/After School Programs - Support Services

Summer School - Instruction:

Salaries of teachers
Purchased professional and technical services
Supplies and materials

Total Summer School - Instruction

Other instructional programs - instruction:

Salaries
Purchased services
Supplies and materials

Total Other Instructional Programs - Instruction

Community services programs:

Purchased services

Total Community Services Programs

Total School Sponsored Other Instructional Programs

TOTAL DISTRIBUTED EXPENDITURES

UNDISTRIBUTED EXPENDITURES:

Instruction:

Tuition to other LEAs within the state - regular
Tuition to other LEAs within the state - special
Tuition to county vocational school districts - regular
Tuition to county vocational school districts - special
Tuition to CSSSD and regional day schools
Tuition to private schools for the disabled - within state
Tuition - state facilities
Tuition - other

Total Undistributed Expenditures - Instruction

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
\$	32,800	\$ -	\$ 32,800	\$ 24,688	\$ 8,112
	32,800	-	32,800	24,688	8,112
	-	8,000	8,000	6,771	1,229
	-	5,000	5,000	5,000	-
	-	1,000	1,000	928	72
	-	14,000	14,000	12,699	1,301
	220,134	77,750	297,884	296,789	1,095
	2,000	(1,210)	790	660	130
	10,000	1,210	11,210	10,780	430
	232,134	77,750	309,884	308,229	1,655
	278,735	-	278,735	278,734	1
	278,735	-	278,735	278,734	1
	2,327,922	244,160	2,572,082	2,387,193	184,889
	36,210,992	(191,429)	36,019,563	34,212,936	1,806,627
	10,275	28,953	39,228	27,998	11,230
	60,894	(27,817)	33,077	33,076	1
	690,000	(54,623)	635,377	625,212	10,165
	50,000	(34,270)	15,730	15,730	-
	400,007	244,995	645,002	630,187	14,815
	1,571,102	(180,091)	1,391,011	1,354,698	36,313
	57,943	-	57,943	57,943	-
	12,000	115,270	127,270	119,270	8,000
	2,852,221	92,417	2,944,638	2,864,114	80,524

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Attendance and social work services:					
Salaries	\$ -	\$ 44,700	\$ 44,700	\$ 44,661	\$ 39
Supplies and materials	-	400	400	347	53
Total Attendance and Social Work Services	-	45,100	45,100	45,008	92
Health services:					
Salaries	\$ 740,650	\$ 33,775	\$ 774,425	\$ 774,263	\$ 162
Purchased professional and technical services	50,650	-	50,650	41,375	9,275
Other purchased services	3,235	5,200	8,435	7,394	1,041
Supplies and materials	41,860	2,500	44,360	39,059	5,301
Total Health Services	836,395	41,475	877,870	862,091	15,779
Other support services - students - related services:					
Salaries	1,068,075	(76,452)	991,623	987,458	4,165
Purchased professional - educational services	494,500	56,536	551,036	447,474	103,562
Supplies and materials	18,000	-	18,000	5,102	12,898
Other objects	460	-	460	-	460
Total Other Support Services - Students - Related Services	1,581,035	(19,916)	1,561,119	1,440,034	121,085
Other support services - students - extraordinary services:					
Salaries	1,368,682	60,775	1,429,457	1,412,181	17,276
Purchased professional - educational services	263,670	(148,953)	114,717	113,517	1,200
Total Other Support Services - Students - Extra. Serv.	1,632,352	(88,178)	1,544,174	1,525,698	18,476
Other support services - students - regular:					
Salaries of other professional staff	1,446,425	210,345	1,656,770	1,655,771	999
Salaries of secretarial and clerical assistants	92,240	13,000	105,240	105,113	127
Other purchased professional and technical services	12,500	-	12,500	10,000	2,500
Other purchased services	87,249	33,100	120,349	109,887	10,462
Supplies and materials	15,350	(3,175)	12,175	7,777	4,398
Other objects	3,000	-	3,000	592	2,408
Total Other Support Services - Students - Regular	1,656,764	253,270	1,910,034	1,889,140	20,894

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - students - special:					
Salaries of other professional staff	\$ 1,562,977	\$ (40,100)	\$ 1,522,877	\$ 1,521,589	\$ 1,288
Salaries of secretarial and clerical assistants	261,780	(44,700)	217,080	214,372	2,708
Purchased professional - educational services	50,900	2,300	53,200	52,133	1,067
Other purchased professional and technical services	22,926	-	22,926	21,305	1,621
Miscellaneous purchased services	5,500	(2,300)	3,200	3,126	74
Supplies and materials	9,000	-	9,000	5,876	3,124
Total Other Support Services - Students - Special	1,913,083	(84,800)	1,828,283	1,818,401	9,882
Improvement of instructional services:					
Salaries of supervisors of instruction	740,433	(86,941)	653,492	651,814	1,678
Salaries of other professional staff	158,002	(50,142)	107,860	106,673	1,187
Salaries of secretarial and clerical assistants	250,114	(55,042)	195,072	193,396	1,676
Unused vacation payments to terminated/retired staff	10,000	25,109	35,109	35,106	3
Other purchased services	35,256	(1,550)	33,706	30,751	2,955
Supplies and materials	10,500	8,000	18,500	16,181	2,319
Other objects	5,000	1,550	6,550	6,431	119
Total Improvement of Instruction Services	1,209,305	(159,016)	1,050,289	1,040,352	9,937
Educational media services/school library:					
Salaries	385,278	73,089	458,367	448,043	10,324
Other purchased services	61,895	-	61,895	47,872	14,023
Supplies and materials	100,415	9,414	109,829	87,553	22,276
Total Educational Media Services/School Library	547,588	82,503	630,091	583,468	46,623
Instructional staff training services:					
Salaries of other professional staff	90,000	82,550	172,550	171,988	562
Purchased professional - educational services	65,675	12,850	78,525	25,780	52,745
Other purchased services	27,626	(2,000)	25,626	17,020	8,606
Supplies and materials	10,200	-	10,200	2,013	8,187
Other objects	1,000	2,000	3,000	1,230	1,770
Total Instructional Staff Training Services	194,501	95,400	289,901	218,031	71,870

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - general administration:					
Salaries	\$ 506,425	\$ (42,095)	\$ 464,330	\$ 461,048	\$ 3,282
Legal services	150,000	74,300	224,300	212,251	12,049
Audit fees	33,825	175	34,000	34,000	-
Other purchased professional services	26,600	525	27,125	23,917	3,208
Communications/telephone	298,817	-	298,817	255,135	43,682
BOE other purchased services	10,700	(2,950)	7,750	6,547	1,203
Other purchased services	378,250	63,584	441,834	441,029	805
General supplies	9,314	3,650	12,964	12,832	132
Miscellaneous expenditures	15,500	(900)	14,600	13,462	1,138
BOE membership dues and fees	27,500	-	27,500	26,663	837
Total Support Services - General Administration	1,456,931	96,289	1,553,220	1,486,884	66,336
Support services - school administration:					
Salaries of principals/assistant principals	1,597,861	43,540	1,641,401	1,637,896	3,505
Salaries of other professional staff	1,109,143	(213,456)	895,687	895,677	10
Salaries of secretarial and clerical assistants	754,094	87,700	841,794	840,780	1,014
Other purchased services	23,050	-	23,050	1,588	21,462
Supplies and materials	100,469	145	100,614	76,934	23,680
Other objects	35,499	(2,000)	33,499	26,605	6,894
Total Support Services - School Administration	3,620,116	(84,071)	3,536,045	3,479,480	56,565
Central services:					
Salaries	598,067	92,352	690,419	690,357	62
Unused vacation payments to terminated/retired staff	-	21,084	21,084	21,084	-
Miscellaneous purchased services	114,871	28,725	143,596	142,995	601
Supplies and materials	13,515	(709)	12,806	8,756	4,050
Miscellaneous expenditures	1,600	1,200	2,800	2,634	166
Total Central Services	728,053	142,652	870,705	865,826	4,879

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative information technology:					
Salaries	\$ 544,271	\$ 134,505	\$ 678,776	\$ 672,538	\$ 6,238
Purchased professional and technical services	9,240	-	9,240	-	9,240
Other purchased services	362,326	(7,100)	355,226	323,929	31,297
Supplies and materials	39,570	-	39,570	23,843	15,727
Other objects	2,100	600	2,700	2,665	35
Total Administrative Information Technology	957,507	128,005	1,085,512	1,022,975	62,537
Required maintenance for school facilities:					
Salaries	891,400	(94,033)	797,367	789,415	7,952
Unused vacation payments to terminated/retired staff	-	5,258	5,258	5,257	1
Cleaning, repair and maintenance services	610,955	(126,062)	484,893	445,895	38,998
General supplies	341,640	(215,800)	125,840	123,193	2,647
Other objects	10,000	-	10,000	8,545	1,455
Total Required Maintenance for School Facilities	1,853,995	(430,637)	1,423,358	1,372,305	51,053
Custodial services:					
Salaries	2,815,232	91,300	2,906,532	2,869,599	36,933
Salaries of non-instructional aides	392,062	21,700	413,762	413,685	77
Unused vacation payments to terminated/retired staff	-	3,856	3,856	3,856	-
Purchased professional and technical services	182,000	4,200	186,200	183,385	2,815
Cleaning, repair and maintenance services	184,382	16,158	200,540	186,122	14,418
Lease purchase payments - energy savings improvement programs	77,874	-	77,874	77,873	1
Other purchased property services	415,850	67,850	483,700	483,631	69
Insurance	267,290	-	267,290	252,162	15,128
Miscellaneous purchased services	97,600	15,600	113,200	110,790	2,410
General supplies	570,332	256,903	827,235	763,270	63,965
Energy (natural gas)	495,000	-	495,000	390,931	104,069
Energy (electricity)	987,000	(130,375)	856,625	766,484	90,141
Energy (oil)	6,000	-	6,000	3,302	2,698
Energy (gasoline)	40,000	-	40,000	23,537	16,463
Other objects	3,775	-	3,775	2,252	1,523
Total Custodial Services	6,534,397	347,192	6,881,589	6,530,879	350,710

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and upkeep of grounds:					
Salaries	\$ 297,466	\$ (36,750)	\$ 260,716	\$ 258,025	\$ 2,691
Cleaning, repair and maintenance services	476,000	(111,179)	364,821	242,831	121,990
General supplies	167,260	(62,500)	104,760	104,169	591
Total Care and Upkeep of Grounds	940,726	(210,429)	730,297	605,025	125,272
Security:					
Salaries	307,556	100,825	408,381	405,657	2,724
Purchased professional and technical services	35,000	-	35,000	21,199	13,801
Cleaning, repair and maintenance services	15,000	-	15,000	3,990	11,010
General supplies	20,000	31,425	51,425	42,841	8,584
Other objects	200	-	200	189	11
Total Security	377,756	132,250	510,006	473,876	36,130
Total Operation and Maintenance of Plant Services	9,706,874	(161,624)	9,545,250	8,982,085	563,165
Student transportation services:					
Salaries of non-instructional aides	189,280	19,000	208,280	208,031	249
Salaries for pupil trans. (between home & school) - regular	2,108,471	(67,500)	2,040,971	2,040,676	295
Salaries for pupil trans. (between home & school) - special ed.	370,022	119,500	489,522	485,600	3,922
Salaries for pupil trans. (other than between home & school)	154,350	-	154,350	45,298	109,052
Salaries for pupil trans. (between home & school) - nonpublic	71,573	-	71,573	66,286	5,287
Management fees - ESC & CTSA transportation programs	30,000	1,250	31,250	31,212	38
Purchased professional and technical services	-	1,850	1,850	1,838	12
Cleaning, repair and maintenance services	70,000	-	70,000	57,476	12,524
Lease purchase payments - school buses	360,844	-	360,844	358,005	2,839
Contracted services - aid in lieu payments - nonpublic schools	80,000	-	80,000	47,540	32,460
Contracted services - aid in lieu payments - charter schools	9,000	-	9,000	4,669	4,331
Contracted services - aid in lieu payments - choice schools	15,000	-	15,000	8,004	6,996
Contracted services (other than bet. home & school) - vendors	35,000	-	35,000	26,217	8,783
Contracted services (between home & school) - joint agreements	9,000	(6,400)	2,600	-	2,600
Contracted services (special ed. students) - vendors	80,000	-	80,000	45,825	34,175
Contracted services (special ed. students) - joint agreements	-	6,400	6,400	6,390	10
Contracted services (special ed. students) - ESCs & CTSA	340,000	106,825	446,825	446,815	10
Contracted services (regular students) - ESCs & CTSA	560,000	(108,075)	451,925	444,874	7,051
Contracted services (special ed. students) - ESCs & CTSA	138,575	(9,650)	128,925	103,834	25,091
Miscellaneous purchased services	230,000	-	230,000	108,065	121,935
Fuel and general supplies	335,000	(52,000)	283,000	184,613	98,387
Transportation supplies	2,000	-	2,000	1,535	465
Miscellaneous expenditures					
Total Student Transportation Services	5,188,115	11,200	5,199,315	4,722,803	476,512

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated employee benefits:					
Social security contributions	\$ 1,418,872	\$ -	\$ 1,418,872	\$ 1,315,650	\$ 103,222
Other retirement contributions - PERS	1,469,847	(75,000)	1,394,847	1,265,576	129,271
Other retirement contributions - regular	125,000	-	125,000	123,290	1,710
Workers compensation	890,000	(71,284)	818,716	789,910	28,806
Health benefits	13,983,504	(635,222)	13,348,282	11,540,292	1,807,990
Tuition reimbursement	300,000	-	300,000	247,959	52,041
Other employee benefits	526,500	-	526,500	510,078	16,422
Unused sick payments to terminated/retired staff	220,000	(50,049)	169,951	75,659	94,292
Total Unallocated Benefits - Employee Benefits	18,933,723	(831,555)	18,102,168	15,868,414	2,233,754
On-behalf payments:					
TPAF on-behalf pension contribution (Non-Budgeted)	-	-	-	6,856,523	(6,856,523)
TPAF on-behalf pension contribution (Non-Budgeted)	-	-	-	122,895	(122,895)
TPAF on-behalf post-retirement medical contribution (Non-Budgeted)	-	-	-	2,589,236	(2,589,236)
TPAF on-behalf long term disability insurance premium (Non-Budgeted)	-	-	-	5,935	(5,935)
TPAF social security contributions (Reimbursed - Non-Budgeted)	-	-	-	2,544,821	(2,544,821)
Total On-behalf Payments	-	-	-	12,119,410	(12,119,410)
TOTAL UNDISTRIBUTED EXPENDITURES	53,014,563	(440,849)	52,573,714	60,834,214	(8,260,500)
TOTAL EXPENDITURES - CURRENT	89,225,555	(632,278)	88,593,277	95,047,150	(6,453,873)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 1 - 5	49,400	(29,090)	20,310	19,983	327
Grades 6 - 8	32,175	(20,851)	11,324	7,192	4,132
Grades 9 - 12	96,561	197,850	294,411	68,145	226,266
Special education - instruction:					
Autism	2,000	-	2,000	-	2,000
School sponsored co/extra curricular activities	-	9,000	9,000	8,966	34
School sponsored athletics	-	6,150	6,150	-	6,150

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Speech, OT, PT and related services	\$ 2,000	\$ -	\$ 2,000	\$ -	\$ 2,000
Guidance services	-	3,175	3,175	2,821	354
Information technology services	96,760	(92,300)	4,460	-	4,460
Required maintenance for school facilities	42,750	150,625	193,375	62,334	131,041
Custodial services	137,700	67,637	205,337	205,320	17
Care and upkeep of grounds	73,600	67,000	140,600	140,489	111
Security services	-	593,425	593,425	544,624	48,801
Student transportation services - non-instructional equipment	40,000	(6,750)	33,250	26,768	6,482
Non-instructional services	19,025	(14,425)	4,600	4,600	-
Total Equipment	591,971	931,446	1,523,417	1,091,242	432,175
Facilities acquisition and construction services:					
Architectural and engineering services	14,500	155,551	170,051	130,875	39,176
Construction services	181,750	1,932,650	2,114,400	1,699,428	414,972
Assessment for debt service on SDA funding	128,241	-	128,241	128,241	-
Total Facilities Acquisition and Construction Services:	324,491	2,088,201	2,412,692	1,958,544	454,148
TOTAL CAPITAL OUTLAY	916,462	3,019,647	3,936,109	3,049,786	886,323
CHARTER SCHOOL:					
Allocation of funds to charter school	\$ 126,207	\$ -	\$ 126,207	\$ 100,788	\$ 25,419
Total Charter School	126,207	-	126,207	100,788	25,419
TOTAL EXPENDITURES	90,268,224	2,387,369	92,655,593	98,197,724	(5,542,131)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,268,549)	(2,387,369)	(5,655,918)	2,424,807	(8,080,725)
OTHER FINANCING SOURCES:					
Transfers In:					
Capital Reserve - Transfer from Capital Projects	-	-	-	55,984	(55,984)

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

OTHER FINANCING USES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfers Out:					
Capital Reserve - Transfer to Capital Projects	(1,017,000)	-	(1,017,000)	(1,017,000)	-
Transfer to Enterprise Fund	-	(9,000)	(9,000)	(9,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,017,000)	(9,000)	(1,026,000)	(970,016)	(55,984)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(4,285,549)	(2,396,369)	(6,681,918)	1,454,791	(8,136,709)
FUND BALANCE, July 1	10,605,725	-	10,605,725	10,605,725	-
FUND BALANCE, June 30	\$ 6,320,176	\$ (2,396,369)	\$ 3,923,807	\$ 12,060,516	\$ (8,136,709)
Recapitulation of excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures:					
Adjustment for prior year encumbrances	\$ -	\$ (2,396,369)	\$ (2,396,369)	\$ (2,396,369)	\$ -
Budgeted fund balance	(3,269,549)	-	(3,269,549)	2,849,384	(6,118,933)
Budgeted withdrawal from capital reserve	(1,017,000)	-	(1,017,000)	(1,017,000)	-
Increase in maintenance reserve	-	-	-	500,000	(500,000)
Increase in capital reserve:					
Principal	-	-	-	1,500,000	(1,500,000)
Interest	1,000	-	1,000	18,776	(17,776)
	\$ (4,285,549)	\$ (2,396,369)	\$ (6,681,918)	\$ 1,454,791	\$ (8,136,709)
Recapitulation of Balances:					
Restricted Fund Balance:					
Capital reserve				\$ 2,475,745	
Maintenance reserve				500,000	
Excess surplus - current year				1,219,850	
Committed Fund Balance:					
Year-end encumbrances				1,045,354	
Assigned Fund Balance:					
Year-end encumbrances				423,240	
Unreserved - designated for subsequent year's expenditures - fund balance appropriated				3,269,549	
Unassigned Fund Balance				3,126,778	
				12,060,516	
Reconciliation to Governmental Funds Statements (GAAP):					
Last state aid payment not recognized on GAAP basis				(1,671,655)	
Fund Balance per Governmental Funds (GAAP)				\$ 10,388,861	

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 1,081,023	\$ 404,479	\$ 1,485,502	\$ 1,233,090	\$ 252,412
TOTAL REVENUES	<u>\$ 1,081,023</u>	<u>\$ 404,479</u>	<u>\$ 1,485,502</u>	<u>\$ 1,233,090</u>	<u>\$ 252,412</u>
EXPENDITURES:					
Instruction:					
Personal services - salaries	\$ 669,092	\$ 78,829	\$ 747,921	\$ 630,810	\$ 117,111
Other purchased services	7,000	32,612	39,612	36,912	2,700
General supplies	58,385	56,149	114,534	54,501	60,033
Other objects	792	1,208	2,000	237	1,763
Total Instruction	<u>735,269</u>	<u>168,798</u>	<u>904,067</u>	<u>722,460</u>	<u>181,607</u>
Support Services:					
Personal services - salaries	44,866	36,994	81,860	70,836	11,024
Personal services - employee benefits	65,832	96,920	162,752	131,515	31,237
Purchased professional - educational services	202,827	95,248	298,075	258,363	39,712
Other purchased services	15,000	80,315	95,315	42,866	52,449
Supplies and materials	15,229	(9,229)	6,000	1,250	4,750
Total Support Services	<u>343,754</u>	<u>300,248</u>	<u>644,002</u>	<u>504,830</u>	<u>139,172</u>
Equipment:					
Instructional equipment	2,000	3,994	5,994	5,800	194
Total Equipment	<u>2,000</u>	<u>3,994</u>	<u>5,994</u>	<u>5,800</u>	<u>194</u>
TOTAL EXPENDITURES	<u>\$ 1,081,023</u>	<u>\$ 473,040</u>	<u>\$ 1,554,063</u>	<u>\$ 1,233,090</u>	<u>\$ 320,973</u>

See Management's Discussion and Analysis section of this report for significant budget variances, original and final.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 100,622,531	\$ 1,233,090
Differences - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:		
Outstanding encumbrances at June 30, 2019	-	2,279
Outstanding encumbrances at June 30, 2020	-	(3,300)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
State aid receivable at June 30, 2019	1,572,103	-
State aid receivable at June 30, 2020	(1,671,655)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 100,522,979</u>	<u>\$ 1,232,069</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 98,197,724	\$ 1,233,090
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances at June 30, 2019	-	2,279
Outstanding encumbrances at June 30, 2020	-	(3,300)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 98,197,724</u>	<u>\$ 1,232,069</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB STATEMENT NO. 68)**

The following schedules are provided to report the District's proportionate share of the net pension liability for employees covered under the Public Employees Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) under the provisions of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions".

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's contractually required contribution	\$ 1,122,897	\$ 1,165,755	\$ 1,175,092	\$ 1,217,903	\$ 1,318,163
District's contributions in relation to the contractually required contribution	(1,122,897)	(1,165,755)	(1,175,092)	(1,217,903)	(1,318,163)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 8,887,622	\$ 9,003,821	\$ 9,124,395	\$ 9,247,275	\$ 9,465,296
Contributions as a percentage of covered employee payroll	12.63%	12.95%	12.88%	13.17%	13.93%
					13.23%

* GASB requires that ten years of information be presented. However, this schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS *
UNAUDITED

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.3049831893%	0.3090236578%	0.3120044643%	0.3102842692%	0.3175712594%	0.3122513440%
State's proportionate share of the net pension liability attributable to the District	\$ 163,003,589	\$ 195,316,148	\$ 245,442,577	\$ 209,204,843	\$ 202,032,014	\$ 191,631,597
District's covered employee payroll	\$ 31,174,125	\$ 32,178,744	\$ 32,708,076	\$ 33,333,476	\$ 34,508,207	\$ 35,252,916
State's proportionate share of the net pension liability as a percentage of the District's covered employee payroll	522.88%	606.97%	750.40%	627.61%	585.46%	543.59%
District's proportionate share of the net pension liability **	-0-	-0-	-0-	-0-	-0-	-0-
District's proportionate share of the net pension liability as a percentage of the District's covered employee payroll **	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

* GASB requires that ten years of information be presented. However, this schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

** The net pension liability for employees of the Teachers' Pension and Annuity Fund is considered a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the pension fund. The District (employer) does not contribute to the fund and the District's proportionate share of the net pension liability is zero.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHERS' PENSION AND ANNUITY FUND
 LAST TEN FISCAL YEARS *
 UNAUDITED

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's contractually required contribution	\$ 8,771,123	\$ 11,925,809	\$ 18,441,594	\$ 14,492,652	\$ 11,777,760	\$ 11,302,944
State's contributions in relation to the contractually required contribution	(1,670,695)	(2,498,029)	(3,490,087)	(4,790,196)	(6,269,781)	(6,856,523)
Contribution deficiency/(excess)	<u>\$ 7,100,428</u>	<u>\$ 9,427,780</u>	<u>\$ 14,951,507</u>	<u>\$ 9,702,456</u>	<u>\$ 5,507,979</u>	<u>\$ 4,446,421</u>
District's covered employee payroll	\$ 31,174,125	\$ 32,178,744	\$ 32,708,076	\$ 33,333,476	\$ 34,508,207	\$ 35,252,916
Contributions as a percentage of covered employee payroll	28.14%	37.06%	56.38%	43.48%	34.13%	32.06%

* GASB requires that ten years of information be presented. However, this schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return on pension plan investments and the municipal bond index rate. The discount rate changed from 5.66% as of the prior measurement date (June 30, 2018) to 6.28% as of the current measurement date (June 30, 2019). The municipal bond rate changed from 3.87% to 3.50% and the long-term expected rate of return on pension plan investments remained the same at 7.00%.

The inflation rate changed from 2.25% as of June 30, 2018 to 2.75% as of June 30, 2019.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return on pension plan investments and the municipal bond index rate. The discount rate changed from 4.86% as of the prior measurement date (June 30, 2018) to 5.60% as of the current measurement date (June 30, 2019). The municipal bond rate changed from 3.87% to 3.50% and the long-term expected rate of return on pension plan investments remained the same at 7.00%.

The inflation rate changed from 2.25% as of June 30, 2018 to 2.75% as of June 30, 2019.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER
POST EMPLOYMENT BENEFITS (GASB STATEMENT NO. 75)**

The following schedules are provided to report the District's proportionate share of the State post-retirement medical benefits liability under the provisions of GASB Statement No. 75 "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions".

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE STATE OPEB LIABILITY
LAST TEN FISCAL YEARS *
UNAUDITED

	2018	2019	2020
Service cost	\$ 7,347,823	\$ 6,106,145	\$ 5,438,156
Interest cost	5,735,411	6,637,891	6,248,138
Difference between expected and actual experience	-	(13,730,615)	(24,862,642)
Changes in assumptions	(23,608,197)	(18,144,983)	2,129,432
Member contributions	154,656	146,128	129,957
Gross benefit payments	(4,200,053)	(4,228,054)	(4,384,095)
Net Change in Total Share of OPEB Liability	(14,570,360)	(23,213,488)	(15,301,054)
Total OPEB Liability - Beginning	195,903,168	181,332,808	158,119,320
Total OPEB Liability - Ending	<u>\$ 181,332,808</u>	<u>\$ 158,119,320</u>	<u>\$ 142,818,266</u>
District's Proportionate Share of OPEB Liability **	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability **	181,332,808	158,119,320	142,818,266
Total OPEB Liability - Ending	<u>\$ 181,332,808</u>	<u>\$ 158,119,320</u>	<u>\$ 142,818,266</u>
District's Covered Employee Payroll	\$ 42,580,751	\$ 43,973,503	\$ 44,983,038
District's Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll	0%	0%	0%

* GASB requires that ten years of information be presented. However, this schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

** Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The District (employer) does not contribute to the plan and the District's OPEB liability is zero.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

OTHER SUPPLEMENTARY INFORMATION

<p>SPECIAL REVENUE FUND DETAIL STATEMENTS</p>
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The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act (ESEA)			Individuals with Disabilities Education Act (IDEA)			Carl D. Perkins Career and Technical Education Grant	
	Title I Part A	Title II Part A	Title III	Part B Basic	Part B Preschool		Education Grant	Total
REVENUES:								
Federal sources	\$ 197,707	\$ 50,662	\$ 7,493	\$ 927,649	\$ 33,589	\$	15,990	\$ 1,233,090
TOTAL REVENUES	\$ 197,707	\$ 50,662	\$ 7,493	\$ 927,649	\$ 33,589	\$	15,990	\$ 1,233,090
EXPENDITURES:								
Instruction:								
Personal services - salaries	\$ 152,488	\$ -	\$ -	\$ 453,548	\$ 24,774	\$	-	\$ 630,810
Other purchased services	-	-	-	36,912	-	-	-	36,912
General supplies	187	-	7,493	23,911	6,920	15,990	-	54,501
Other objects	-	-	-	237	-	-	-	237
Total Instruction	152,675	-	7,493	514,608	31,694	15,990		722,460
Support Services:								
Personal services - salaries	-	-	-	70,836	-	-	-	70,836
Personal services - employee benefits	45,032	-	-	84,588	1,895	-	-	131,515
Purchased professional - educational services	-	8,755	-	249,608	-	-	-	258,363
Other purchased services	-	40,657	-	2,209	-	-	-	42,866
Supplies and materials	-	1,250	-	-	-	-	-	1,250
Total Support Services	45,032	50,662	-	407,241	1,895	-		504,830
Equipment:								
Instructional equipment	-	-	-	5,800	-	-	-	5,800
Total Equipment	-	-	-	5,800	-	-		5,800
TOTAL EXPENDITURES	\$ 197,707	\$ 50,662	\$ 7,493	\$ 927,649	\$ 33,589	\$	15,990	\$ 1,233,090

<p>CAPITAL PROJECTS FUND DETAIL STATEMENTS</p>

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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Year	Project Title	Appropriation	GAAP Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
2020	Chiller Replacement - Mount Olive Middle School	\$ 961,016	\$ -	\$ 961,016	\$ -
		<u>\$ 961,016</u>	<u>\$ -</u>	<u>\$ 961,016</u>	<u>\$ -</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

REVENUES AND OTHER FINANCING SOURCES:

Transfer from capital reserve	\$ 1,017,000
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TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 1,017,000
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EXPENDITURES AND OTHER FINANCING USES:

Architectural/engineering services	\$ 62,870
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Construction services	898,146
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Transfer to General Fund	55,984
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TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 1,017,000
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MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
CHILLER REPLACEMENT - MOUNT OLIVE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 1,017,000	\$ 1,017,000	\$ 1,017,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	1,017,000	1,017,000	1,017,000
EXPENDITURES AND OTHER FINANCING USES:				
Architectural/engineering services	-	62,870	62,870	62,870
Construction services	-	898,146	898,146	898,146
Transfer to General Fund	-	55,984	55,984	55,984
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 1,017,000	\$ 1,017,000	\$ 1,017,000

ADDITIONAL PROJECT INFORMATION:

Project number	not applicable
Grant date	not applicable
Bond authorization date	not applicable
Bonds authorized	not applicable
Bonds issued	not applicable
Original authorized cost	\$ 1,017,000
Additional authorized cost	(55,984)
Revised authorized cost	\$ 961,016
Percentage increase over original authorized cost	-5.50%
Percentage completion	100.00%
Original target completion date	Sep-19
Revised target completion date	Mar-20

ENTERPRISE FUNDS DETAIL STATEMENTS

Enterprise 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 Service Fund – This fund accounts for all revenues and expenses pertaining to the food service operations of all schools within the District.

Summer Programs – This fund accounts for the operation of the District's summer remedial and enhancement programs.

Property Rentals – This fund accounts for all revenues and expenses pertaining to the rental properties located in Building Two of the administrative complex.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	Business-Type Activities - Enterprise Funds						
	Non-Major Funds				Major Fund		Total Enterprise Funds
	Food Services	Summer School	STEAM Camp	Capstone Summer Camp	Property Rentals		
ASSETS:							
CURRENT ASSETS:							
Cash and cash equivalents	\$ 114,045	\$ 584	\$ 44,418	\$ 31,063	\$ 185,105	\$	375,215
Restricted cash and cash equivalents	-	-	-	-	4,946		4,946
Prepaid expense	3,133	-	-	-	-		3,133
Accounts receivable:							
State	2,943	-	-	-	-		2,943
Federal	35,325	-	-	-	-		35,325
Other	17,939	-	-	-	4,000		21,939
Inventories	45,625	-	-	-	-		45,625
Total Current Assets	219,010	584	44,418	31,063	194,051		489,126
NONCURRENT ASSETS:							
Capital assets	617,793	-	-	-	1,700,000		2,317,793
Less: accumulated depreciation	422,849	-	-	-	117,904		540,753
Total Noncurrent Assets	194,944	-	-	-	1,582,096		1,777,040
TOTAL ASSETS	413,954	584	44,418	31,063	1,776,147		2,266,166
LIABILITIES:							
Current liabilities:							
Accounts payable	40,729	-	-	-	87,425		128,154
Unearned revenue	32,761	-	-	-	25,412		58,173
Escrow deposits payable	-	-	-	-	4,946		4,946
Accrued interest payable	-	-	-	-	58,591		58,591
Noncurrent liabilities:							
Due within one year	-	-	-	-	98,074		98,074
Due beyond one year	-	-	-	-	977,105		977,105
TOTAL LIABILITIES	73,490	-	-	-	1,251,553		1,325,043
NET POSITION:							
Invested in capital assets, net of related debt	194,944	-	-	-	506,917		701,861
Unrestricted	145,520	584	44,418	31,063	17,677		239,262
TOTAL NET POSITION	\$ 340,464	\$ 584	\$ 44,418	\$ 31,063	\$ 524,594		\$ 941,123

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds						
	Non-Major Funds				Major Fund		Total Enterprise Funds
	Food Services	Summer School	STEAM Camp	Capstone Summer Camp	Total	Property Rentals	
OPERATING REVENUES:							
Charges for services:							
Daily sales - reimbursable programs	\$ 331,814	\$ -	\$ -	\$ -	\$ 331,814	\$ -	\$ 331,814
Daily sales - non-reimbursable programs	264,162	-	-	-	264,162	-	264,162
Rental income	-	-	-	-	-	362,216	362,216
Tuition	-	19,470	91,241	-	110,711	-	110,711
Total Operating Revenues	595,976	19,470	91,241	-	706,687	362,216	1,068,903
OPERATING EXPENSES:							
Salaries and employee benefits	-	29,188	62,156	-	91,344	-	91,344
Labor and labor related costs	498,140	-	-	-	498,140	-	498,140
Management fees	66,768	-	-	-	66,768	12,000	78,768
Cleaning, repair and maintenance services	9,947	-	-	-	9,947	237,520	247,467
Other purchased services	44,773	-	14,216	19,343	78,332	-	78,332
Cost of sales - reimbursable programs	283,573	-	-	-	283,573	-	283,573
Cost of sales - non-reimbursable programs	92,234	-	-	-	92,234	-	92,234
Supplies and materials	60,219	-	15,541	535	76,295	-	76,295
Depreciation	21,635	-	-	-	21,635	20,976	42,611
Utilities	-	-	-	-	-	44,637	44,637
Interest expense	-	-	-	-	-	58,591	58,591
Other expenses	5,266	-	1,086	100	6,452	130	6,582
Total Operating Expenses	1,082,555	29,188	92,999	19,978	1,224,720	373,854	1,598,574
OPERATING INCOME (LOSS)	(486,579)	(9,718)	(1,758)	(19,978)	(518,033)	(11,638)	(529,671)

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds					
	Non-Major Funds			Major Fund		Total Enterprise Funds
	Food Services	Summer School	STEAM Camp	Capstone Summer Camp	Property Rentals	
NON-OPERATING REVENUES:						
State sources:						
State school lunch program	10,393	-	-	-	-	10,393
Federal sources:						
School breakfast program	46,632	-	-	-	-	46,632
National school lunch program	242,136	-	-	-	-	242,136
After school snack program	1,319	-	-	-	-	1,319
Special milk program	551	-	-	-	-	551
Food donation program	71,949	-	-	-	-	71,949
Interest income	6,975	313	1,509	610	-	9,407
Total Non-Operating Revenues	379,955	313	1,509	610	-	382,387
NET INCOME (LOSS)	(106,624)	(9,405)	(249)	(19,368)	(11,638)	(147,284)
OTHER FINANCING SOURCES:						
Transfer from General Fund	-	9,000	-	-	-	9,000
Change in net position	(106,624)	(405)	(249)	(19,368)	(11,638)	(138,284)
Total net position - beginning	447,088	989	44,667	50,431	536,232	1,079,407
Total net position - ending	\$ 340,464	\$ 584	\$ 44,418	\$ 31,063	\$ 524,594	\$ 941,123

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Fund						
	Non-Major Funds						Major Fund
	Food Services	Summer School	STEAM Camp	Capstone Summer Camp	Total	Property Rentals	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 602,936	\$ 19,470	\$ 46,438	\$ 20,750	\$ 689,594	\$ 392,893	\$ 1,082,487
Payments for employees and employee benefits	-	(29,188)	(62,156)	-	(91,344)	-	(91,344)
Payments to suppliers for goods and services	(1,044,572)	-	(30,843)	(19,978)	(1,095,393)	(222,913)	(1,318,306)
Net cash provided by (used for) operating activities	(441,636)	(9,718)	(46,561)	772	(497,143)	169,980	(327,163)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
State sources	10,178	-	-	-	10,178	-	10,178
Federal sources	338,002	-	-	-	338,002	-	338,002
Operating subsidies and transfers to/from other funds	-	9,000	-	-	9,000	-	9,000
Other non-operating income	4,748	-	-	-	4,748	-	4,748
Net cash provided by non-capital financing activities	352,928	9,000	-	-	361,928	-	361,928
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	-	-	-	-	-	(225,000)	(225,000)
Net cash used for capital and related financing activities	-	-	-	-	-	(225,000)	(225,000)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends	6,975	313	1,509	610	9,407	-	9,407
Net increase (decrease) in cash and cash equivalents	(81,733)	(405)	(45,052)	1,382	(125,808)	(55,020)	(180,828)
Cash and cash equivalents - beginning of year	195,778	989	89,470	29,681	315,918	240,125	556,043
Cash and cash equivalents - end of year	\$ 114,045	\$ 584	\$ 44,418	\$ 31,063	\$ 190,110	\$ 185,105	\$ 375,215
Reconciliation of operating loss to net cash used in operating activities:							
Operating income (loss)	\$ (486,579)	\$ (9,718)	\$ (1,758)	\$ (19,978)	\$ (518,033)	\$ (11,638)	\$ (529,671)
Adjustments to reconcile operating loss to net cash used in operating activities:							
Depreciation and interest expense	21,635	-	-	-	21,635	79,567	101,202
Food donation program	71,949	-	-	-	71,949	-	71,949
(Increase) decrease in accounts receivable, net	(10,062)	-	43,500	20,750	54,188	(3,780)	50,408
(Increase) decrease in prepaid expense	(3,133)	-	-	-	(3,133)	-	(3,133)
(Increase) decrease in inventories	(34,087)	-	-	-	(34,087)	-	(34,087)
Increase (decrease) in accounts payable, net	(18,381)	-	-	-	(18,381)	87,425	69,044
Increase (decrease) in deferred revenue	17,022	-	(88,303)	-	(71,281)	18,406	(52,875)
Total adjustments	44,943	-	(44,803)	20,750	20,890	181,618	202,508
Net cash used in operating activities	\$ (441,636)	\$ (9,718)	\$ (46,561)	\$ 772	\$ (497,143)	\$ 169,980	\$ (327,163)

<p>INTERNAL SERVICE FUNDS DETAIL STATEMENTS</p>
--

Internal Service Funds are utilized to finance, administer and account for activities that provide goods and/or services to other departments or agencies on a cost-reimbursement basis. GASB Statement No. 10 permits school districts to use an Internal Service Fund to account for risk financing activities, such as self-insurance funds. The District uses the Internal Service Fund to account for its self-insurance activities.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	Major Fund Self Insurance Fund
ASSETS:	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 2,609,760
Accounts receivable - other	431,093
TOTAL ASSETS	<u>3,040,853</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	177,224
Accrued liability for insurance claims	1,202,755
TOTAL LIABILITIES	<u>1,379,979</u>
NET POSITION:	
Unrestricted	<u>1,660,874</u>
TOTAL NET POSITION	<u><u>\$ 1,660,874</u></u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Major Fund Self Insurance Fund
OPERATING REVENUES:	
Member contributions	\$ 13,929,539
Total Operating Revenues	13,929,539
OPERATING EXPENSES:	
Insurance claims	10,495,673
Excess liability insurance premiums	1,594,429
Administrative fees	532,817
State surcharge	166,112
Total Operating Expenses	12,789,031
OPERATING INCOME	1,140,508
NON-OPERATING REVENUES:	
Interest income	13,151
Total Non-Operating Revenues	13,151
Change in net position	1,153,659
Total net position - beginning	507,215
Total net position - ending	\$ 1,660,874

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Major Fund Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from member contributions, net	\$ 13,644,250
Payments for insurance claims, net	(9,866,523)
Payments for other goods and services	(2,486,219)
Net cash used in operating activities	<u>1,291,508</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>13,151</u>
Net increase (decrease) in cash and cash equivalents	1,304,659
Cash and cash equivalents - beginning of year	1,305,101
Cash and cash equivalents - end of year	<u>\$ 2,609,760</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating income (loss)	\$ 1,140,508
Adjustments to reconcile operating loss to net cash used in operating activities:	
(Increase) decrease in accounts receivable, net	830,734
Increase (decrease) in accounts payable, net	(472,921)
Increase (decrease) in interfund payable	-
Increase (decrease) in accrued liability	(206,813)
Total adjustments	<u>151,000</u>
Net cash used in operating activities	<u>\$ 1,291,508</u>

<p style="text-align: center;">FIDUCIARY FUNDS DETAIL STATEMENTS</p>

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

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

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

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

Trust Funds have a trust agreement, a higher degree of management involvement, and a longer holding period of the fund resources.

Unemployment Compensation Insurance Trust Fund – This trust fund is used to account for funds held to pay quarterly unemployment contributions and unemployment claims billed by the State.

Flexible Spending Account Trust Fund – This trust fund is used to account for funds held to pay qualified medical and dependent care claims.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020

	Agency Funds			Unemployment Compensation Insurance Trust	Flexible Spending Account Trust
	Student Activity	Payroll	Total Agency Funds		
ASSETS:					
Cash and cash equivalents	\$ 478,743	\$ 552,073	\$ 1,030,816	\$ 405,438	\$ 49,970
Accounts receivable	105,361	-	105,361	-	-
TOTAL ASSETS	584,104	552,073	1,136,177	405,438	49,970
LIABILITIES:					
Accounts payable	105,919	-	105,919	38,179	-
Payroll deductions and withholdings	-	542,898	542,898	-	-
Interfund payable	-	9,175	9,175	-	-
Due to student groups	478,185	-	478,185	-	-
TOTAL LIABILITIES	584,104	552,073	1,136,177	38,179	-
NET POSITION:					
Held in trust for unemployment claims	-	-	-	367,259	-
Held in trust for medical and dependent care claims	-	-	-	-	49,970
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ 367,259	\$ 49,970

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust
ADDITIONS:		
Contributions:		
Plan members	\$ 177,982	\$ 144,301
Total contributions	<u>177,982</u>	<u>144,301</u>
Investment earnings:		
Interest	<u>6,569</u>	<u>346</u>
Total investment earnings	<u>6,569</u>	<u>346</u>
Total additions	<u>184,551</u>	<u>144,647</u>
DEDUCTIONS:		
Quarterly contribution reports	91,831	-
Unemployment claims	74,205	-
Qualified medical and dependent care claims	-	124,727
Service charges	-	3,080
Total deductions	<u>166,036</u>	<u>127,807</u>
Change in net position	18,515	16,840
Net position-beginning of the year	348,744	33,130
Net position-end of the year	<u>\$ 367,259</u>	<u>\$ 49,970</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Accounts Payable/ (Receivable)	Balance June 30, 2020
ELEMENTARY SCHOOLS:					
Sandshore School	\$ 22,643	\$ 8,746	\$ 9,357	\$ (25)	\$ 22,057
Mountain View School	21,971	6,087	11,481	(2,136)	18,713
Tinc Road School	18,223	3,240	829	(288)	20,922
CMS Elementary School	13,995	10,983	7,607	-	17,371
TOTAL ELEMENTARY SCHOOLS	76,832	29,056	29,274	(2,449)	79,063
MIDDLE SCHOOL:					
Mount Olive Middle School	181,792	159,776	175,881	(16,540)	182,227
TOTAL MIDDLE SCHOOL	181,792	159,776	175,881	(16,540)	182,227
HIGH SCHOOL:					
Mount Olive High School	145,700	233,979	170,814	45,484	163,381
Athletic Account	14,563	145,538	106,509	78	53,514
TOTAL HIGH SCHOOL	160,263	379,517	277,323	45,562	216,895
TOTAL ALL SCHOOLS	<u>\$ 418,887</u>	<u>\$ 568,349</u>	<u>\$ 482,478</u>	<u>\$ 26,573</u>	<u>\$ 478,185</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 PAYROLL AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Payroll deductions and withholdings	\$ 501,482	\$ 27,776,643	\$ 27,735,227	\$ 542,898
Interfund payable	13,051	9,175	13,051	9,175
Total	<u>\$ 514,533</u>	<u>\$ 27,785,818</u>	<u>\$ 27,748,278</u>	<u>\$ 552,073</u>

LONG-TERM DEBT SCHEDULES

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2019	RETIRED	BALANCE JUNE 30, 2020
			DATE	AMOUNT				
Early Retirement Incentive Program - Refunding Bonds	12/20/11	\$ 1,535,000	2/1/2021	\$ 210,000	3.38%	\$ 410,000	\$ 200,000	\$ 210,000
Addition/Renovations to Mt. Olive High School - Refunding Bonds	05/31/12	6,175,000	-	-	-	1,225,000	1,225,000	-
Construction of Mt. Olive Middle School / Facilities Expansion Project - Refunding Bonds	10/29/14	16,740,000	1/15/2021	2,210,000	4.00%	9,060,000	2,115,000	6,945,000
			1/15/2022	2,305,000	4.00%			
			1/15/2023	2,430,000	5.00%			
Addition/Renovations to Mt. Olive High School - Refunding Bonds	04/20/16	7,540,000	7/15/2025	440,000	5.00%	7,430,000	-	7,430,000
			7/15/2026	1,640,000	5.00%			
			7/15/2027	1,710,000	5.00%			
			7/15/2028	1,785,000	4.00%			
			7/15/2029	1,855,000	5.00%			
Addition/Renovations to Mt. Olive High School - Refunding Bonds	04/20/16	8,095,000	7/15/2020	1,300,000	4.00%	7,985,000	-	7,985,000
			7/15/2021	1,355,000	4.00%			
			7/15/2022	1,405,000	4.00%			
			7/15/2023	1,455,000	4.00%			
			7/15/2024	1,515,000	5.00%			
			7/15/2025	955,000	5.00%			
						\$ 26,110,000	\$ 3,540,000	\$ 22,570,000

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance July 1, 2019	Retired	Balance June 30, 2020
			Principal	Interest				
(4) 30-Passenger School Buses and (1) 50-Passenger School Bus	08/06/15	5 Years	\$ 540,000	\$ 24,864	1.768%	\$ 111,492	\$ 111,492	\$ -
LED Lighting Improvements at Mt. Olive Middle School	12/15/15	5 Years	370,000	19,366	1.877%	114,652	76,077	38,575
(4) 30-Passenger School Buses	06/01/16	5 Years	466,000	21,815	1.677%	191,982	95,036	96,946
Air Dome at Mt. Olive High School	08/31/17	5 Years	2,400,000	130,075	1.780%	1,883,209	526,261	1,356,948
(6) 54-Passenger School Buses and (1) 19-Passenger Wheelchair Bus	05/10/19	5 Years	698,127	37,933	2.479%	698,127	144,039	554,088
						\$ 2,999,462	\$ 952,905	\$ 2,046,557

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

I-3

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local sources:					
Local tax levy	\$ 4,167,548	\$ -	\$ 4,167,548	\$ 4,167,548	\$ -
Total local sources	4,167,548	-	4,167,548	4,167,548	-
State sources:					
Debt service aid type II	518,520	-	518,520	518,520	-
Total state sources	518,520	-	518,520	518,520	-
TOTAL REVENUES	4,686,068	-	4,686,068	4,686,068	-
EXPENDITURES:					
Regular debt service:					
Interest on early retirement bonds	14,068	-	14,068	13,824	244
Interest on loans and serial bonds	1,132,000	-	1,132,000	1,132,000	-
Redemption of principal - early retirement bonds	200,000	-	200,000	200,000	-
Redemption of principal - loans and serial bonds	3,340,000	-	3,340,000	3,340,000	-
Total Regular Debt Service	4,686,068	-	4,686,068	4,685,824	244
TOTAL EXPENDITURES	4,686,068	-	4,686,068	4,685,824	244
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	244	244
FUND BALANCE, July 1	244	-	244	244	-
FUND BALANCE, June 30	\$ 244	\$ -	\$ 244	\$ 488	\$ 244
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Budgeted Fund Balance	\$ -	\$ -	\$ -	\$ 244	\$ 244
Recapitulation of Balances:					
Restricted for:					
Debt service				\$ 488	

STATISTICAL SECTION

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INTRODUCTION TO THE STATISTICAL SECTION**

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	118-125
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, property taxes.	126-129
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	130-133
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	134-135
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	136-140

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ended June 30,									
	2020	2019	(Restated) 2018	(Restated) 2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
Invested in capital assets, net of related debt	\$ 52,919,138	\$ 49,850,892	\$ 43,574,301	\$ 37,499,410	\$ 32,147,230	\$ 27,314,078	\$ 20,304,261	\$ 20,889,514	\$ 18,234,468	\$ 16,698,417
Restricted	4,196,083	2,159,376	5,512,261	9,196,464	10,301,504	9,865,271	6,755,089	3,241,776	2,563,951	1,210,035
Unrestricted (Deficit)	(24,972,079)	(25,503,870)	(26,399,461)	(27,795,826)	(26,704,489)	(24,606,865)	(21,296,812)	2,414,935	1,488,319	2,276,040
Total governmental activities net position	\$ 32,143,142	\$ 26,506,398	\$ 22,687,101	\$ 18,900,048	\$ 15,744,245	\$ 12,572,484	\$ 5,762,538	\$ 26,546,225	\$ 22,286,738	\$ 20,184,492
Business-type activities:										
Invested in capital assets, net of related debt	\$ 701,861	\$ 582,151	\$ 289,566	\$ 143,288	\$ (6,107)	\$ 23,029	\$ 34,263	\$ 40,823	\$ 52,592	\$ 64,463
Restricted	239,262	497,256	493,623	429,144	390,244	164,949	109,048	100,029	192,031	170,029
Unrestricted	\$ 941,123	\$ 1,079,407	\$ 783,189	\$ 572,432	\$ 384,137	\$ 187,978	\$ 143,311	\$ 140,852	\$ 244,623	\$ 234,492
Total business-type activities net position										
District-wide:										
Invested in capital assets, net of related debt	\$ 53,620,999	\$ 50,433,043	\$ 43,863,867	\$ 37,642,698	\$ 32,141,123	\$ 27,337,107	\$ 20,338,524	\$ 20,930,337	\$ 18,287,060	\$ 16,762,880
Restricted	4,196,083	2,159,376	5,512,261	9,196,464	10,301,504	9,865,271	6,755,089	3,241,776	2,563,951	1,210,035
Unrestricted (Deficit)	(24,732,817)	(25,006,614)	(25,905,838)	(27,366,682)	(26,314,245)	(24,441,916)	(21,187,764)	2,514,964	1,680,350	2,446,069
Total district net position	\$ 33,084,265	\$ 27,585,805	\$ 23,470,290	\$ 19,472,480	\$ 16,128,382	\$ 12,760,462	\$ 5,905,849	\$ 26,687,077	\$ 22,531,361	\$ 20,418,984

Source: District records

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
Instruction:										
Regular programs	\$ 40,363,686	\$ 41,862,042	\$ 44,217,503	\$ 44,124,968	\$ 39,955,470	\$ 34,496,285	\$ 30,374,097	\$ 31,494,232	\$ 30,440,311	\$ 29,279,680
Special education programs	12,316,453	12,331,915	12,801,445	12,790,046	11,266,201	9,951,711	9,095,697	9,002,194	8,480,211	8,473,838
Other instructional programs	1,942,689	2,158,086	2,319,502	2,479,822	2,214,619	2,250,135	2,033,353	1,796,657	1,661,105	1,529,506
School sponsored programs	2,731,722	2,843,222	2,584,821	1,842,419	1,625,029	1,537,598	1,413,971	1,128,260	1,136,941	1,123,417
Community services programs	-	-	-	-	34,540	37,655	40,784	29,698	46,610	53,148
Support Services:										
Tuition	2,864,114	2,538,835	2,366,732	2,525,984	2,435,596	2,756,260	2,730,940	2,711,876	2,862,242	2,984,008
Student & instruction related services	15,534,687	15,812,693	16,156,474	15,482,791	13,779,605	13,018,212	11,795,770	11,742,227	11,246,504	11,222,504
School administrative services	5,746,044	6,309,349	6,565,270	6,604,221	5,866,902	4,982,172	4,534,163	4,532,706	4,780,646	4,352,318
Other administrative services	4,566,864	4,130,845	4,316,030	4,294,786	3,742,696	3,629,252	3,475,143	3,272,978	3,312,477	3,077,718
Plant operations and maintenance	15,577,275	16,846,590	17,006,640	14,845,383	13,818,421	12,084,724	12,148,221	11,366,854	11,842,279	11,953,154
Pupil transportation	6,139,641	6,609,150	6,813,857	6,386,281	5,616,420	5,188,897	5,079,433	5,033,828	5,138,677	5,204,635
Charter schools	100,788	136,468	91,473	95,706	77,188	98,784	155,488	134,935	95,957	75,946
Interest and other debt related charges	910,091	1,004,189	1,101,186	1,200,544	1,395,096	1,714,681	2,176,498	2,344,683	2,955,477	2,774,929
Unallocated depreciation	-	51,644	54,932	52,672	55,632	56,360	50,568	52,755	55,909	65,277
Total governmental activities expenses	108,794,054	112,235,028	116,395,865	112,705,623	101,883,415	91,802,726	85,104,126	84,643,863	84,057,346	82,150,078
Business-type activities:										
Food service	1,082,555	1,056,425	1,058,506	988,099	987,989	1,027,741	1,198,103	1,221,314	1,272,852	1,266,957
Community school	-	-	-	-	-	-	-	-	40,056	113,517
Summer programs	142,165	169,715	169,991	145,409	147,656	129,906	34,965	42,822	40,410	50,824
Property rentals	373,854	222,219	238,458	244,638	223,046	-	-	-	-	-
Total business-type activities expenses	1,598,574	1,448,359	1,466,955	1,378,146	1,358,691	1,157,647	1,233,068	1,264,136	1,353,318	1,431,298
Total district expenses	\$ 110,392,628	\$ 113,683,387	\$ 117,862,820	\$ 114,083,769	\$ 103,242,106	\$ 92,960,373	\$ 86,337,194	\$ 85,908,019	\$ 85,410,664	\$ 83,581,376

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Program Revenues										
Governmental activities:										
Charges for services:										
Regular programs	\$ 1,408,360	\$ 1,237,545	\$ 1,424,544	\$ 1,076,449	\$ 4,100	\$ -	\$ 4,164	\$ -	\$ -	\$ -
Special education programs	818,041	801,226	557,530	478,299	375,088	234,015	166,822	47,494	56,178	87,350
Other instructional programs	54,817	50,989	52,352	9,000	7,600	11,700	11,400	5,400	7,053	-
School sponsored programs (tuition, sports and activity fees)	356,437	347,111	405,793	-	-	-	-	-	81,658	85,155
Student & instruction related services	463,572	391,082	387,884	-	-	-	-	-	-	-
School administrative services	188,753	171,823	169,964	-	-	-	-	-	-	-
Other administrative services	102,027	81,543	82,991	-	-	-	-	-	-	-
Plant operations and maintenance (building usage, parking)	527,313	603,763	567,500	118,204	124,822	124,822	109,545	101,755	158,787	56,007
Pupil transportation (transportation fees)	167,158	168,485	168,288	27,238	6,227	7,180	5,597	57,357	229,595	213,067
Operating grants and contributions	25,010,952	29,046,409	34,536,558	34,035,893	26,314,500	20,954,270	13,170,198	14,069,996	12,135,738	12,226,330
Capital grants and contributions	-	-	-	-	90,547	1,356,982	-	247,696	266,917	15,454
Total governmental activities program revenues	29,097,430	32,899,976	38,353,404	34,776,283	26,922,884	22,688,969	13,467,726	14,529,698	12,935,926	12,683,363
Business-type activities:										
Charges for services:										
Food service	595,976	771,618	786,157	729,382	703,531	693,762	724,307	774,919	922,334	950,217
Community school	-	-	-	-	-	-	-	-	20,271	94,059
Summer programs	110,711	230,897	173,910	129,236	144,040	133,103	30,466	42,904	50,372	36,295
Property rentals	362,216	373,685	367,966	374,478	346,462	-	-	-	-	-
Operating grants and contributions	372,980	335,237	342,541	331,009	359,641	380,496	365,754	340,497	364,214	345,789
Total business-type activities program revenues	1,441,883	1,711,437	1,670,574	1,564,105	1,553,674	1,207,361	1,120,527	1,158,320	1,357,191	1,426,360
Total district program revenues	\$ 30,539,313	\$ 34,611,413	\$ 40,023,978	\$ 36,340,388	\$ 28,476,558	\$ 23,896,330	\$ 14,588,253	\$ 15,688,018	\$ 14,293,117	\$ 14,109,723
Net (Expense)/Revenue										
Governmental activities	\$ (79,696,624)	\$ (79,335,052)	\$ (78,042,461)	\$ (77,929,340)	\$ (74,960,531)	\$ (69,113,757)	\$ (71,636,400)	\$ (70,114,185)	\$ (71,121,420)	\$ (69,466,715)
Business-type activities	(156,691)	263,078	203,619	185,959	194,983	49,714	(112,541)	(105,816)	3,873	(4,938)
Total district-wide net (expense)/revenue	\$ (79,853,315)	\$ (79,071,974)	\$ (77,838,842)	\$ (77,743,381)	\$ (74,765,548)	\$ (69,064,043)	\$ (71,748,941)	\$ (70,220,001)	\$ (71,117,547)	\$ (69,471,653)

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 67,912,108	\$ 66,580,498	\$ 65,274,998	\$ 63,322,510	\$ 62,080,892	\$ 60,863,620	\$ 59,870,216	\$ 58,500,212	\$ 57,353,149	\$ 56,228,577
Taxes levied for debt service	4,167,548	4,244,903	4,234,063	4,234,072	4,285,754	4,587,826	4,592,970	4,576,028	4,611,674	4,598,981
Unrestricted grants and contributions	12,764,831	11,852,906	11,893,389	11,648,609	11,680,396	11,672,926	11,616,865	11,638,067	11,351,096	10,199,501
Extraordinary items	(5,454)	(168)	37,239	1,514,154	(66,165)	(1,278,015)	624,852	21,398	(220,989)	-
Investment earnings	276,600	363,145	257,534	92,985	70,942	43,546	10,892	7,604	8,685	12,354
Miscellaneous income	226,735	126,065	133,391	275,229	80,774	33,800	69,929	68,690	126,251	344,339
Transfers	(9,000)	(13,000)	(1,100)	(2,416)	(301)	-	(115,000)	-	(6,201)	-
Total governmental activities	85,333,368	83,154,349	81,829,514	81,085,143	78,132,292	75,923,703	76,470,724	74,811,999	73,223,666	71,383,752
Business-type activities:										
Investment earnings	9,407	10,991	6,038	1,903	875	486	-	1,345	57	369
Miscellaneous income	-	9,149	-	433	-	384	-	-	-	-
Extraordinary items	-	-	-	-	-	(5,917)	-	700	-	-
Transfers	9,000	13,000	1,100	-	301	-	115,000	-	6,201	-
Total business-type activities	18,407	33,140	7,138	2,336	1,176	(5,047)	115,000	2,045	6,258	369
Total district-wide	\$ 85,351,775	\$ 83,187,489	\$ 81,836,652	\$ 81,087,479	\$ 78,133,468	\$ 75,918,656	\$ 76,585,724	\$ 74,814,044	\$ 73,229,924	\$ 71,384,121
Change in Net Position										
Governmental activities	\$ 5,636,744	\$ 3,819,297	\$ 3,787,053	\$ 3,155,803	\$ 3,171,761	\$ 6,809,946	\$ 4,834,324	\$ 4,697,814	\$ 2,102,246	\$ 1,917,037
Business-type activities	(136,284)	296,218	210,757	188,295	196,159	44,667	2,459	(103,771)	10,131	(4,569)
Total district	\$ 5,498,460	\$ 4,115,515	\$ 3,997,810	\$ 3,344,098	\$ 3,367,920	\$ 6,854,613	\$ 4,836,783	\$ 4,594,043	\$ 2,112,377	\$ 1,912,468

Source: District records

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Restricted										
Committed	\$ 4,195,595	\$ 2,159,132	\$ 5,505,766	\$ 9,189,969	\$ 9,696,004	\$ 9,429,497	\$ 6,937,450	\$ 3,235,107	\$ 2,208,841	\$ 803,360
Assigned	1,045,354	2,119,074	1,858,255	849,781	95,229	555,996	1,276,855	1,105,729	980,583	183,000
Unassigned	3,692,789	3,305,697	2,805,828	2,260,692	1,559,697	3,354,681	4,180,921	4,726,347	3,641,657	4,180,839
Total general fund	1,455,123	1,449,719	1,687,670	1,363,844	1,306,648	1,732,824	1,907,453	1,889,251	2,119,323	2,406,080
	<u>\$ 10,388,861</u>	<u>\$ 9,033,622</u>	<u>\$ 11,857,519</u>	<u>\$ 13,664,286</u>	<u>\$ 12,657,578</u>	<u>\$ 15,072,998</u>	<u>\$ 14,302,679</u>	<u>\$ 10,956,434</u>	<u>\$ 8,950,404</u>	<u>\$ 7,573,279</u>
All Other Governmental Funds										
Restricted for:										
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ 600,912	\$ 142,439	\$ -	\$ -	\$ 350,454	\$ 403,689
Debt service	488	244	6,495	6,495	4,588	149,121	1,113	3,683	2,986	1
Assigned	-	-	-	4,588	149,121	144,214	3,683	2,986	1,670	2,985
Unassigned	-	-	-	-	-	-	(187,157)	-	-	-
Total all other governmental funds	<u>\$ 488</u>	<u>\$ 244</u>	<u>\$ 6,495</u>	<u>\$ 11,083</u>	<u>\$ 754,621</u>	<u>\$ 435,774</u>	<u>\$ (182,361)</u>	<u>\$ 6,669</u>	<u>\$ 355,110</u>	<u>\$ 406,675</u>

Source: District records

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Tax levy	\$ 72,079,656	\$ 70,825,401	\$ 69,509,061	\$ 67,556,582	\$ 66,366,646	\$ 65,451,446	\$ 64,263,186	\$ 63,076,240	\$ 61,964,823	\$ 60,827,558
Tuition charges	886,601	903,878	837,046	585,948	375,088	234,015	170,986	47,494	56,178	87,350
Interest earnings	263,449	345,946	244,681	92,985	70,942	43,546	10,892	7,604	8,685	12,354
Transportation fees	7,966	21,466	21,146	27,238	6,227	7,180	5,597	57,357	229,595	213,067
Miscellaneous	489,107	493,342	478,291	1,062,433	212,311	235,322	815,726	197,243	373,749	485,501
State sources	31,424,463	29,943,014	27,920,961	25,782,199	24,689,601	25,392,851	23,286,891	24,651,784	22,171,339	20,416,124
Federal sources	1,289,874	1,417,197	1,416,714	1,460,709	1,465,683	1,425,899	1,500,172	1,303,975	1,582,412	2,025,161
Total revenue	106,441,116	103,950,244	100,427,900	96,568,094	93,186,498	92,790,259	90,053,450	89,341,697	86,386,781	84,067,115
Expenditures										
Instruction:										
Regular Instruction	23,952,073	23,430,638	22,856,800	22,611,055	23,014,678	21,663,620	21,605,660	22,034,273	21,865,872	20,949,176
Special education instruction	7,453,692	7,045,785	6,787,654	6,696,905	6,594,041	6,287,558	6,453,080	6,123,026	6,029,745	6,126,413
Other instructional programs	1,140,136	1,223,402	1,216,888	1,263,566	1,278,794	1,404,332	1,476,002	1,232,256	1,186,752	1,102,572
School sponsored programs	2,387,193	2,273,848	1,694,433	1,258,420	1,179,989	1,168,238	1,069,470	850,449	868,773	846,534
Community services programs	-	-	-	-	34,540	37,655	40,784	29,698	43,857	47,542
Support Services:										
Tuition	2,864,114	2,538,835	2,366,732	2,525,984	2,435,596	2,756,260	2,730,940	2,711,876	2,862,242	2,964,008
Student & inst. related services	9,796,819	9,504,294	8,945,270	8,561,308	8,319,561	8,484,087	8,528,782	8,351,729	8,131,635	8,297,296
School administrative services	3,479,480	3,562,762	3,456,160	3,420,218	3,394,550	3,156,541	3,166,897	3,126,636	3,216,347	3,062,816
Other administrative services	3,375,685	2,973,865	3,080,416	3,098,526	2,831,023	2,872,144	2,745,813	2,582,402	2,599,568	2,401,104
Plant operations and maintenance	8,982,085	9,975,741	10,146,895	8,561,682	7,607,741	7,042,310	7,095,980	6,571,630	7,054,440	7,275,560
Pupil transportation	4,722,803	4,993,707	4,953,581	4,789,921	4,501,053	4,104,999	3,950,618	3,944,166	3,984,861	3,963,774
Employee benefits	28,119,339	27,588,784	25,038,784	23,487,854	21,638,981	19,726,960	20,031,310	21,147,769	19,306,765	18,667,448
Charter Schools	100,788	136,468	91,473	95,706	77,188	98,784	155,488	134,935	95,957	75,946
Capital outlay	4,016,602	7,449,565	9,248,199	5,495,453	8,395,312	8,271,043	2,549,967	3,686,049	2,613,856	1,051,275
Debt service:										
Principal	3,540,000	3,485,000	3,345,000	3,575,000	3,260,000	3,220,000	3,105,668	3,040,869	2,807,152	2,665,299
Interest and other charges	1,145,824	1,282,825	1,409,870	1,326,910	1,632,677	1,663,068	2,074,776	2,116,345	2,387,198	2,514,436
Total expenditures	105,076,633	107,465,519	104,638,155	96,768,508	96,195,724	91,957,599	86,781,235	87,684,108	85,055,020	82,011,199
Excess (Deficiency) of revenues over (under) expenditures	1,364,483	(3,515,275)	(4,210,255)	(200,414)	(3,009,226)	832,660	3,272,215	1,657,589	1,331,761	2,055,916

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Other Financing sources (uses)										
Refunding bonds	-	-	-	-	15,635,000	16,740,000	-	-	7,710,000	-
Original issue premium	-	-	-	-	2,844,176	2,097,739	-	-	601,529	-
Payments to escrow agent	-	-	-	-	(18,356,547)	(18,676,850)	-	-	(8,184,603)	-
Costs of issuance	-	-	-	-	(119,675)	(157,095)	-	-	(126,926)	-
Capital leases	-	698,127	2,400,000	466,000	910,000	552,000	-	-	-	506,973
Transfers in	1,072,984	2,911,637	2,909,500	3,533,275	3,050,288	2,190,388	3,021	47,176	337,355	427,999
Transfers out	(1,081,984)	(2,924,637)	(2,910,600)	(3,533,275)	(3,050,589)	(2,190,388)	(118,021)	(47,176)	(343,556)	(427,999)
Cancellation of prior year receivable	-	-	-	(2,416)	-	-	-	-	-	-
Total other financing sources (uses)	(9,000)	685,127	2,398,900	463,584	912,653	555,794	(115,000)	-	(6,201)	506,973
Net change in fund balances	\$ 1,355,483	\$ (2,830,148)	\$ (1,811,355)	\$ 263,170	\$ (2,096,573)	\$ 1,388,454	\$ 3,157,215	\$ 1,657,589	\$ 1,325,560	\$ 2,562,889
Debt service as a percentage of noncapital expenditures	4.64%	4.77%	4.98%	5.37%	5.57%	5.83%	6.15%	6.14%	6.30%	6.40%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Other administrative services includes general administration, central services, administrative information technology and business and other support services.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

Fiscal Year Ended June 30,	Insurance Proceeds	Prior Year Tuition Adjustments	Student Fines/Fees	Parking Permit Fees	Use of Facilities	Prior Year Refunds	Cancellation of Prior Year		Sports and Activity Participation Fees	Sale or Lease of Assets	Sunset Academy Fees	Legal Settlement/ Restitution	Before and After Care Program	Other	Annual Totals
							Checks and Payables	Fees							
2011	\$ 52,661	\$ 51,633	\$ 8,097	\$ 27,615	\$ 56,007	\$ 3,595	\$ 1,709	\$ 85,155	\$ 45,560	\$ 9,979	\$ 133,000	\$ -	\$ -	\$ 7,506	\$ 482,517
2012	35,000	52,280	3,524	27,984	79,352	21,131	538	81,658	51,451	7,053	2,201	-	-	8,062	370,234
2013	-	4,229	4,522	24,880	76,875	12,043	1,105	-	61,007	5,400	-	-	-	5,248	195,309
2014	-	4,997	1,973	24,455	85,090	38,669	4,004	-	635,725	11,400	-	-	-	8,301	814,614
2015	78	-	5,002	25,925	98,897	10,154	277	-	11,827	11,700	1,237	-	-	3,997	169,094
2016	-	-	365	28,510	108,350	24,785	2,847	-	28,073	7,600	169	-	-	5,629	206,328
2017	9,898	-	1,376	28,180	90,024	89,814	1,810	-	17,679	9,200	141,654	-	-	2,167	391,802
2018	-	-	1,677	29,245	301,655	16,524	4,428	-	33,561	14,000	-	-	74,903	2,298	478,291
2019	-	-	1,792	32,337	332,579	18,502	6,608	-	1,080	-	-	43	85,431	12,609	490,981
2020	-	-	605	19,934	242,438	163,052	3,566	-	4,995	-	-	-	53,395	1,122	489,107

Source: District records

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2010	\$ 95,028,400	\$ 1,978,144,500	\$ 12,356,900	\$ 1,418,000	\$ 427,714,200	\$ 290,149,600	\$ 228,720,500	\$ 3,033,532,100	\$ 6,282,617	\$ 3,039,814,717	\$ 219,794,900	\$ 3,753,906,818	\$ 2.00
2011	90,315,200	1,959,429,800	12,448,800	1,314,200	418,373,900	272,732,300	248,650,000	3,003,264,200	5,217,039	3,008,481,239	219,757,600	3,539,081,075	2.04
2012	84,999,000	1,974,057,300	12,901,400	1,357,100	409,917,100	263,060,500	248,650,000	2,994,942,400	4,728,279	2,999,670,679	221,322,700	3,296,216,597	2.09
2013	80,606,800	1,993,152,600	12,304,800	1,228,700	389,881,600	262,472,000	248,250,000	2,987,896,500	5,583,077	2,993,479,577	227,248,700	3,192,892,823	2.13
2014	70,029,700	2,020,455,200	12,935,000	1,214,500	384,049,900	257,273,800	247,250,000	2,993,208,100	4,900,281	2,998,108,381	231,862,100	3,098,250,465	2.16
2015	75,181,800	2,052,952,100	12,935,000	1,084,100	371,303,400	260,266,400	247,250,000	3,020,972,800	-	3,020,972,800	232,890,400	2,963,850,508	2.18
2016	68,774,000	2,087,008,500	11,825,400	1,078,300	380,768,400	259,891,200	247,250,000	3,056,595,800	-	3,056,595,800	235,276,100	3,132,027,975	2.19
2017	63,309,600	2,122,926,200	11,705,000	1,077,200	380,352,200	250,753,600	296,350,000	3,126,473,800	-	3,126,473,800	235,183,000	3,180,572,002	2.19
2018	58,773,300	2,152,365,600	11,306,600	1,104,700	377,348,000	257,201,900	296,350,000	3,154,450,100	-	3,154,450,100	238,162,100	3,276,182,208	2.24
2019	57,525,900	2,176,916,400	11,813,400	1,076,900	372,301,700	261,680,100	296,350,000	3,177,664,400	-	3,177,664,400	243,293,000	3,367,664,222	2.27

Source: 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.

^a Taxable Value of Machinery Implements Equipment of Telephone Messenger System^b Tax rates are per \$100

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)
UNAUDITED

Fiscal Year Ended December 31,	Mount Olive Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Mount Olive Township	Morris County	
2010	\$ 1.85	\$ 0.15	\$ 2.00	\$ 0.62	\$ 0.28	\$ 2.90
2011	1.89	0.15	2.04	0.63	0.28	2.95
2012	1.94	0.15	2.09	0.64	0.27	3.00
2013	1.98	0.15	2.13	0.66	0.27	3.06
2014	2.01	0.15	2.16	0.66	0.27	3.09
2015	2.03	0.15	2.18	0.66	0.25	3.09
2016	2.05	0.14	2.19	0.66	0.26	3.11
2017	2.06	0.14	2.19	0.66	0.27	3.12
2018	2.11	0.13	2.24	0.66	0.27	3.17
2019	2.14	0.13	2.27	0.66	0.28	3.21

Source: Municipal Tax Collector, Certificate and Report of School Taxes (Form A4F)

Note: Tax rates are per \$100

^a The district's basic tax rate is calculated from Form A4F, which is submitted with the budget, and the net valuation taxable.

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
UNAUDITED

Taxpayer	2019 Top Ten Taxpayers				2009 Top Ten Taxpayers			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
Oakwood Village Real Estate LLC	\$ 120,020,500	1	3.78%		\$ 80,000,000	1	2.19%	
SDK Village Green LLC	109,012,200	2	3.43%		76,000,000	2	2.08%	
Giraffe Properties, LLC (Toys R Us)	49,500,000	3	1.56%		55,000,000	3	1.50%	
SM Logistics Mount Olive LLC	47,735,000	4	1.50%					
Big Box Property Owner East LLC								
MTO Realty								
Eagle Rock Village Inc.	35,991,700	5	1.13%		42,000,000	4	1.15%	
SCI ITC South Fund, LLC (Lowes, Babies R Us)	30,600,000	6	0.96%		33,000,000	5	0.90%	
Siemens Healthcare Diagnostics Inc.	29,910,900	7	0.94%		20,750,000	9	0.57%	
Kings Village LLC	23,000,000	8	0.72%		20,550,000	10	0.56%	
SCI ITC South Fund, LLC (Old Navy, Michael's)	20,458,600	9	0.64%		24,450,000	7	0.67%	
CRG 1725 LLC	20,000,000	10	0.63%					
350 Clark Drive LLC (Calvin Klein)					24,500,000	6	0.67%	
National Shopping Center Associates, LLC					21,500,000	8	0.59%	
Total	\$ 486,228,900		15.30%		\$ 397,750,000		10.88%	

Source: Municipal Tax Assessor

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 60,702,860	\$ 60,702,860	100.00%	-
2011	61,396,191	61,396,191	100.00%	-
2012	62,520,531	62,520,531	100.00%	-
2013	63,669,713	63,669,713	100.00%	-
2014	64,857,316	64,857,316	100.00%	-
2015	65,909,046	65,909,046	100.00%	-
2016	66,961,614	66,961,614	100.00%	-
2017	68,532,822	68,532,822	100.00%	-
2018	70,825,401	70,825,401	100.00%	-
2019	72,079,656	72,079,656	100.00%	-

Source: Certificate and Report of School Taxes (Form A4F)

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Sewer Connection Project Loan	Bond Anticipation Notes (BANs)			
2011	\$ 55,175,000	\$ 363,689	\$ -	\$ 55,538,689	2.55%	\$ 1,960
2012	52,715,000	291,537	-	53,006,537	2.33%	1,862
2013	49,745,000	220,668	-	49,965,668	2.16%	1,748
2014	46,720,000	140,000	-	46,860,000	1.94%	1,634
2015	42,040,000	95,000	-	42,135,000	1.66%	1,462
2016	36,465,000	50,000	-	36,515,000	1.39%	1,264
2017	32,940,000	-	-	32,940,000	1.22%	1,138
2018	29,595,000	-	-	29,595,000	1.03%	1,021
2019	26,110,000	-	-	26,110,000	N/A	903
2020	22,570,000	-	-	22,570,000	N/A	N/A

Source: District records

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

^a See Exhibit J-14 for personal income and population data.

N/A At the time of CAFR completion, personal income data was not available beyond 2018 and population data was not available beyond 2019.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 55,175,000	\$ -	\$ 55,175,000	1.82%	\$ 1,947
2012	52,715,000	-	52,715,000	1.75%	1,852
2013	49,745,000	-	49,745,000	1.66%	1,740
2014	46,720,000	-	46,720,000	1.56%	1,629
2015	42,040,000	-	42,040,000	1.40%	1,459
2016	36,465,000	-	36,465,000	1.21%	1,263
2017	32,940,000	-	32,940,000	1.08%	1,138
2018	29,595,000	-	29,595,000	0.95%	1,021
2019	26,110,000	-	26,110,000	0.83%	903
2020	22,570,000	-	22,570,000	0.71%	N/A

Source: District records

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

^a See Exhibit J-6 for property tax data.

^b Population data can be found in Exhibit J-14.

N/A At the time of CAFR completion, population data was not available beyond 2019.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020
UNAUDITED

	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Township of Mt. Olive ^b	\$ 22,604,522	100.00%	\$ 22,604,522
County of Morris ^c	216,220,009	3.50%	7,577,797
Subtotal, overlapping debt			30,182,319
Mt. Olive Township School District Direct Debt ^d			22,570,000
Total direct and overlapping debt			<u>\$ 52,752,319</u>

Source: 2019 Annual Debt Statements provided by the County of Morris and Mt. Olive Township
2019 Abstract of Ratables for Morris County

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 Mt. Olive Township. 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 is estimated using taxable assessed property values. The applicable percentage was calculated by dividing the portion of Mt. Olive Township's taxable value by the total taxable value in Morris County as reported on the 2019 Abstract of Ratables for Morris County.

^b Net debt at December 31, 2019 as per the Township's Annual Debt Statement.

^c Net debt at December 31, 2019 as per the County's Annual Debt Statement.

^d School District debt includes all bonds, notes and loans issued as of June 30, 2020 as per Schedule J-10.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation as of December 31, 2019

Equalized valuation basis	
2019	\$ 3,394,577,930
2018	3,340,163,172
2017	3,244,239,701
[A]	<u>\$ 9,978,980,803</u>
Average equalized valuation of taxable property [A/3]	\$ 3,326,326,934
Debt limit (4% of average equalized valuation) [B]	\$ 133,053,077 ^a
Total net debt applicable to limit [C]	<u>22,570,000</u>
Legal debt margin [B-C]	<u>\$ 110,483,077</u>

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 148,613,894	\$ 141,075,637	\$ 133,689,899	\$ 127,755,664	\$ 122,799,389	\$ 121,481,824	\$ 121,773,215	\$ 125,914,346	\$ 108,422,909	\$ 133,053,077
Total net debt applicable to limit ^b	55,175,000	52,715,000	49,745,000	46,720,000	42,040,000	36,465,000	32,940,000	29,595,000	26,110,000	22,570,000
Legal debt margin	<u>\$ 93,438,894</u>	<u>\$ 88,360,637</u>	<u>\$ 83,944,899</u>	<u>\$ 81,035,664</u>	<u>\$ 80,759,389</u>	<u>\$ 85,016,824</u>	<u>\$ 88,833,215</u>	<u>\$ 96,319,346</u>	<u>\$ 82,312,909</u>	<u>\$ 110,483,077</u>
Total net debt applicable to the limit as a percentage of debt limit	37.13%	37.37%	37.21%	36.57%	34.23%	30.02%	27.05%	23.50%	24.08%	16.96%

Source: Mount Olive Township Annual Debt Statement.

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

^b Net general bonded debt outstanding as of June 30 per Schedule J-11.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year Ended December 31,</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2010	28,194	\$ 2,085,876,702	\$ 73,983	8.9%
2011	28,339	2,174,366,453	76,727	8.2%
2012	28,462	2,270,271,430	79,765	8.3%
2013	28,588	2,310,053,340	80,805	7.0%
2014	28,679	2,416,492,540	84,260	5.2%
2015	28,816	2,542,118,704	88,219	4.4%
2016	28,881	2,623,925,493	90,853	4.1%
2017	28,936	2,707,107,480	93,555	3.8%
2018	28,983	2,864,737,686	98,842	3.5%
2019	28,926	N/A	N/A	3.0%

Source:

^a Population estimates provided by the New Jersey Department of Labor and Workforce Development.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income based on average for Morris County. Information provided by the US Bureau of Economic Analysis. The most current year is a projected figure.

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

N/A At the time of CAFR completion, this data was not yet available.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR
UNAUDITED

Employer	Employees	Rank	Percentage of Total Municipal Employment ^a
Siemens Medical Solutions	898	1	5.84%
Mt. Olive Township School District	859	2	5.59%
Mars, Inc.	375	3	2.44%
Amazon	252	4	1.64%
Benjamin Moore Paints	235	5	1.53%
Wal-Mart Stores Inc.	226	6	1.47%
Shop Rite of Flanders	215	7	1.40%
Givaudan Fragrances Corp.	203	8	1.32%
Mount Olive Township	203	9	1.32%
Lowe's Home Centers Inc.	198	10	1.29%
	<u>3,664</u>		<u>23.85%</u>

Source: Original companies and estimates provided by the Morris County Economic Development Corporation (MCEDC). Estimates are updated annually by District personnel.

^a Based on 2019 annual average labor force estimates by municipality reported by the New Jersey Department of Labor and Workforce Development.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	282.0	270.0	279.8	285.0	290.3	301.0	297.2	287.1	290.6	290.6
Special education	125.0	125.0	106.4	131.4	141.7	149.0	142.7	142.3	150.2	150.2
Other instruction	16.0	16.0	15.2	19.0	16.6	18.6	18.2	16.0	18.0	18.0
School sponsored programs	-	-	-	1.0	1.0	1.0	1.0	8.6	7.8	7.8
Community services programs	0.3	0.3	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	129.8	130.3	134.8	143.6	116.6	111.3	128.8	133.8	142.9	142.9
General administration	5.0	5.0	5.0	5.0	4.5	4.6	4.6	5.1	3.6	3.6
School administrative services	40.0	40.0	39.0	40.0	37.0	37.0	37.0	38.0	36.0	36.0
Business and other support services	9.5	9.5	9.5	9.5	9.0	9.0	9.0	9.0	10.0	10.0
Administrative information technology	5.0	5.0	6.0	8.0	8.0	8.0	8.0	8.0	8.5	8.5
Plant operations and maintenance	84.0	85.0	85.0	112.0	85.7	92.3	92.7	96.0	94.9	94.9
Pupil transportation	66.0	66.0	69.0	70.5	65.7	70.9	73.1	71.7	72.1	72.1
Total	762.6	752.1	749.7	824.9	776.1	802.7	812.4	815.6	834.6	834.6

Source: District Records

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil	Percentage Change	Teaching Staff ^c	Average Class Size			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2011	4,930.0	\$ 75,780,189	\$ 15,371	-1.30%	435	21	25	24	4,864	4,626	-0.80%	95.1%
2012	4,792.5	77,246,814	16,118	4.86%	434	18	20	17	4,735	4,515	-2.65%	95.4%
2013	4,631.0	78,840,845	17,025	5.62%	444	20	19	19	4,625	4,391	-2.32%	94.9%
2014	4,675.5	79,050,824	16,907	-0.69%	440	21	21	18	4,646	4,421	0.45%	95.2%
2015	4,700.5	78,803,488	16,765	-0.84%	450	23	18	23	4,664	4,423	0.39%	94.8%
2016	4,577.5	82,907,735	18,112	8.04%	454	22	20	21	4,565	4,330	-2.12%	94.8%
2017	4,574.5	86,371,145	18,881	4.25%	453	21	22	20	4,584	4,331	0.42%	94.5%
2018	4,598.0	90,635,086	19,712	4.40%	445	22	20	21	4,597	4,366	0.28%	95.0%
2019	4,626.5	95,248,129	20,588	4.44%	461	22	23	24	4,608	4,382	0.24%	95.1%
2020	4,646.0	96,374,207	20,743	0.76%	470	20	17	21	4,668	4,442	1.30%	95.2%

Source: District records

^a Enrollment is based on the annual October district count. The 2020 count represents student enrollment as of October 15, 2019.^b Operating expenditures equal total expenditures per Schedule J-4 less debt service and capital outlay.^c Teaching staff includes only full-time equivalents of certificated staff members.^d Average daily enrollment and average daily attendance are obtained from the Annual School Register Summary (SRS).

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>										
<u>Elementary (4)</u>										
Chester M. Stephens Elementary School (1966)										
Square Feet	88,745	88,745	88,745	88,745	88,745	88,745	88,745	88,745	88,745	88,745
Capacity (students) ^a	880	887	887	887	887	887	887	887	887	824
Enrollment ^b	697	692	648	648	681	678	684	704	674	660
Mt. View Elementary School (1969)										
Square Feet	84,190	84,190	84,190	84,190	84,190	84,190	84,190	84,190	84,190	84,190
Capacity (students) ^a	886	866	866	866	866	866	866	866	866	482
Enrollment ^b	599	579	526	508	499	475	444	432	488	489
Sandshore Elementary School (1972)										
Square Feet	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Capacity (students) ^a	653	589	589	589	589	589	589	589	589	429
Enrollment ^b	422	384	374	376	373	387	403	427	443	454
Tinc Road Elementary School (1974)										
Square Feet	60,992	60,992	60,992	60,992	60,992	60,992	60,992	60,992	60,992	60,992
Capacity (students) ^a	676	688	688	688	688	688	688	688	688	439
Enrollment ^b	526	494	456	460	460	453	458	471	457	464
<u>Middle School (1)</u>										
Mt. Olive Middle School (2001)										
Square Feet	201,934	201,934	201,934	201,934	201,934	201,934	201,934	201,934	201,934	201,934
Capacity (students) ^a	1,200	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,153
Enrollment ^b	1,137	1,150	1,157	1,205	1,213	1,125	1,101	1,061	1,062	1,089
<u>High School (1)</u>										
Mt. Olive High School (1978)										
Square Feet	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000
Capacity (students) ^a	1,740	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,533
Enrollment ^b	1,508	1,456	1,444	1,452	1,473	1,455	1,486	1,523	1,501	1,511
<u>Other (2)</u>										
Administrative Office Complex (2015)										
Building One - Square Feet	-	-	-	-	-	19,198	19,198	19,198	19,198	19,198
Building Two - Square Feet	-	-	-	-	-	19,198	19,198	19,198	19,198	19,198
Bus Garage										
Square Feet	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500

Source: District Facilities Office, Demographic Reports, ASSA Report

Note: Year of original construction/acquisition is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions.

^a Capacities prior to 2012 are based on architect's estimate as of August 15, 1997. Functional capacity for years 2012 through 2019 is based on the Demographic Report dated July 30, 2012. Functional capacities do not include rooms set aside for self-contained special education students and do not include pre-school space requirements. Actual capacity changes annually based on the number of special needs students and classrooms dedicated to specialized instruction. Functional capacity for the year 2020 is based on the Demographic Report dated December 2019.

^b Enrollment is based on the annual October district count. The 2020 count represents the number of on roll full-time and shared-time students as of October 15, 2019.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
ACCOUNT #11-000-261-xxx

	School Facilities *									
	Mt. Olive		Chester Stephens		Tinc Road		Sandshore		Mt. View	
	High School	Middle School	Elementary	School	Elementary	School	Elementary	School	Elementary	School
2011	\$ 199,392	\$ 191,044	\$ 42,318	\$ 48,019	\$ 36,261	\$ 58,689	\$ 242,349	\$ 818,072		
2012	471,156	170,190	97,969	57,161	69,420	117,897	273,003	1,256,796		
2013	192,793	188,610	40,831	49,613	73,541	48,900	232,400	826,688		
2014	205,502	136,529	40,812	81,134	49,783	91,195	262,770	867,725		
2015	212,341	175,359	80,433	38,425	94,834	65,264	249,386	916,042		
2016	195,614	154,969	68,374	53,068	71,272	110,151	415,804	1,069,252		
2017	345,282	143,537	75,460	61,383	83,323	123,915	280,224	1,113,124		
2018	652,930	208,900	75,919	110,646	52,248	112,548	347,796	1,560,987		
2019	222,504	701,172	82,187	60,818	78,226	49,666	986,586	2,181,159		
2020	160,015	100,884	30,089	49,545	43,825	70,247	917,700	1,372,305		
Total School Facilities	\$ 2,857,529	\$ 2,171,194	\$ 634,392	\$ 609,812	\$ 652,733	\$ 848,472	\$ 4,208,018	\$ 11,982,150		

Source: District records

* School facilities as defined under EFCFA. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

^a Other facilities/unallocated includes the administration building, the bus garage, and unallocated maintenance salaries.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Coverage	Deductible
Commercial Package Policy - School Alliance Insurance Fund		
Property:		
Blanket building and contents (fund limit)	\$ 500,000,000	\$ 2,500
Accounts receivable	\$ 2,500,000	\$ 2,500
Automobile physical damage	in blanket limit	\$ 1,000
Builders risk	\$ 25,000,000	\$ 2,500
Electronic data processing equipment	in blanket limit	\$ 2,500
General Liability:		
Comprehensive general liability	\$ 5,000,000	
Automobile liability	\$ 5,000,000	
Employee benefit liability	\$ 5,000,000	\$ 1,000
Excess Liability:		
General, auto and school board legal liability	\$ 5,000,000	
Crime Coverage:		
Blanket employee dishonesty bond	\$ 500,000	\$ 1,000
Forgery	\$ 50,000	\$ 1,000
Theft, disappearance, destruction	\$ 50,000	\$ 1,000
Computer fraud	\$ 50,000	\$ 1,000
Funds transfer fraud	\$ 50,000	\$ 1,000
School Board Legal Liability	\$ 5,000,000	\$ 5,000
Environmental Impairment Liability:		
Per incident	\$ 1,000,000	\$ 10,000
Fund annual aggregate	\$ 25,000,000	
Workers' Compensation:		
Statutory benefits	included	
Employer's liability	\$ 5,000,000	
Supplemental coverage	included	
Selective Insurance Company of America		
Surety Bonds:		
Business Administrator	\$ 400,000	
Treasurer of School Monies	\$ 400,000	
Board Secretary	\$ 30,000	
Bollinger Specialty Group		
Student Accident Insurance	\$ 1,000,000	

Source: Insurance Agent

SINGLE AUDIT SECTION