

**Mt. Olive
Township
School District**



“Students Are Our First Priority”

**Mount Olive Board of Education
Budd Lake, New Jersey**

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2017**

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, 2017

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, 2017**

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INTRODUCTORY SECTION

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

Dear Board Members:

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, 2017. This CAFR includes the District's Basic Financial Statements, which are prepared in accordance with generally accepted governmental accounting standards. 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 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. This report will provide the taxpayers of the Mount Olive Township School District with comprehensive financial data in a format that will enable them to gain an understanding of the School District's financial affairs.

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 Management's Discussion and Analysis, 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* – 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.

School District Organization

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 Mount Olive Township School District is the fourth largest school district in Morris County with an enrollment of nearly 4,600 students. The District is comprised of six schools: four elementary schools serving grades 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 Mount Olive Township School 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.

Economic Condition and 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 18% of the District's original 2017 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.

The School District resides in a primarily residential community with support from varied commercial and retail property. The Township's population has steadily increased over the past 10 years, while student enrollment has decreased. However, there are several major housing developments at various stages of completion that could impact student enrollment. 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 the enrollment of individual schools 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.

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.

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 two distinct gifted and talented programs 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 K-Excel program for kindergarten students, and the summer STEM 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.

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 male and female sports teams 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 2016-17 school year, Mount Olive won 5 conference championships and 20 of the District's athletic programs qualified for state tournaments.

Student and School 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. Such tools and programs 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.

Data released by the New Jersey Department of Education shows that Mount Olive students in grades 3 through 11 scored significantly higher on PARCC assessments than their peers around the state. On the 2017 PARCC exams, administered in the spring, the overall percentage of Mount Olive students who "met or exceeded expectations" was 54% higher than the state average in language arts and 48% higher than the state average in math. Rankings released by SchoolDigger, a popular website that annually evaluates U.S. schools based on standardized test scores, placed Mount Olive High School in the top 5% of New Jersey high schools, exclusive of regional vocational/technical schools and charter schools.

In the 2016-17 school year, 260 students from Mount Olive High School took the Scholastic Aptitude Test (SAT). The District's combined average SAT score was 1139, which is 63 points above the state average and 69 points above the national average. Eighty-five percent of the school's 2017 graduates will be pursuing post-secondary education, with 55% attending four-year colleges and universities. Five members of the 2017 graduating class were recognized as National Merit Commended Students.

Academic/Educational Initiatives

During the 2016-17 school year, the Board and administration undertook a number of challenging academic initiatives. The following is a summary of these initiatives:

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. The District's technology integration initiative is part of a multi-year technology plan to provide every core middle and high school teacher with access to a full class-set of functional computers. At the elementary school level, the goal is to provide every core teaching classroom with at least one cart of laptop computers with the goal of having one computer available for every other student in grades 2 through 5.

Marauder Innovation Learning Lab (MiLL) – In November, the District celebrated the grand opening of the new \$2.5 million instructional space called the Marauder Innovation Learning Lab (the MiLL). The new instructional space contains a small performance area with permanent seating, a state-of-the-art recording studio, and a high-tech design and engineering lab. The design and engineering lab, which is known as a "maker space", provides the District's STEM students with an area and environment that fosters innovation, creative thinking skills, and grit.

MakerBot Center – The new MakerBot Center at Mount Olive High School enables engineering students to plan, design, prototype, and produce actual products using new, state-of-the-art 3-D printers. The MakerBot Center is the first of its kind in any high school and demonstrates the District's commitment to teaching students hands-on skills in science, technology, engineering, and math.

Rock and Roll Academy – Rock and Roll Academies have been established at Mount Olive High School and Mount Olive Middle School. The academies serve as both accredited classes and afterschool clubs and are designed to teach instruments not typically found in traditional school ensembles. Students learn the instrumental techniques and music spanning the six decades of rock ‘n’ roll, including both the classics and popular contemporary hits.

JROTC Program – The District’s application to begin a Junior Reserve Officer Training Corps (JROTC) program at Mount Olive High School was approved in the spring. The district plans to implement the Junior ROTC training program in the 2017-2018 school year and will be offered to students in grades 9 through 12. Sponsored by the United States Air Force, the program will assist students in developing leadership skills, self-confidence, self-discipline and character, and teaches military history and customs.

Marine Advanced Technology Education (MATE) – The newly established MATE program uses underwater robots – also known as remotely operated vehicles or ROVs – to teach science, technology, engineering, and math and prepare students for technical careers. Students in the MATE program are provided with the opportunity to explore careers in the marine sciences and to apply their science, technology, engineering, and math skills to solve specific environmental challenges. The MATE international ROV competition encourages students to apply the problem solving skills they are learning in the classroom to solving problems in the marine workplace.

Technology Student Association – Mount Olive Middle School students participated in the Technology Student Association (TSA) competition, winning 14 awards and trophies against almost two dozen other New Jersey middle schools. Student projects incorporated all aspects of the District’s STEAM program, including a charging station for electronic devices ready to be manufactured and sold. Another project included the 3-D bio-printing of human organs, which highlighted the ethical, economic, and environmental impacts of this new technology, and could present a potential solution to the global shortage of donor organs needed for transplants.

Independence Day – Students at all four elementary schools celebrated “Independence Day” by engaging in projects that allowed them to work alone or in small groups with minimal instruction and/or direction. The day focused the students on the control they have over their own learning and emphasized the importance of critical thinking skills, creativity, leadership, and the interpersonal skills that are needed to work successfully with others. While this type of active learning is performed regularly in each of the schools, “Independence Day” is a way for students to showcase their ability to work independently and to recognize the responsibility they have in their own education.

Drone Club – Mount Olive High School recently launched a new Drone Club, with approximately 30 students actively involved in the design, construction, and programming of drones as a hobby and for competitions. The team members use a variety of pre-built drones, or build their own drones for racing purposes, using separate components such as flight control boards, motors, and rotors. The racing drones can reach speeds upwards of 50 mph and some are equipped with cameras that can be accessed with special goggles, putting the students in the virtual driver’s seat. This growing hobby is a fusion of engineering prowess and video game expertise, and the hope is to hold competitions in the future with drone clubs from other school districts.

STARS Program – The STARS afterschool program is designed to provide help in language arts and math to at-risk students who are in the third through eighth grades. Last year, there was a 14.5% increase in PARCC scores for those students who participated in the STARS program.

Bridge Builders – Bridge Builders is a new afterschool program for immigrant students in grades K-5 to help ease their transition to life in another nation and foster academic success. Funded by a federal grant and designed for students who’ve been in the U.S. for less than three years, Bridge Builders focuses on cultural awareness, study skills, homework support, and English language skills.

International Education Program – In 2017 the District partnered with Edu-Link, a consulting firm that builds alliances between international schools and those in the U.S. to establish an international transfer program. Edu-Link will serve as a liaison between the Mount Olive School District and schools in China. The District formally began to accept up to 30 students from China for their senior year of high school, beginning in the Fall of 2017. In addition, the international education program will allow Mount Olive students to experience a different culture and to understand how different education is in the United States compared to other countries. The program could net the District as much as \$600,000 in tuition revenue in the next school year.

Other Initiatives/Accomplishments

Sale of the Former Budd Lake School – In June, the Board of Education sold the Budd Lake School located at 89 Route 46 in Budd Lake, which served as the former administration building, to Cardinal A.W., LLC for the amount of \$660,000.

New Childcare Partner – In March 2017, The Board awarded a contract to AlphaBEST Education for before-and-after school childcare services beginning in the 2017-18 school year. The contract is expected to generate approximately \$87,000 in new revenue for the District.

Facility Upgrades – The District undertook and completed a number of capital improvements and facility upgrades in the 2017 fiscal year. These projects included window replacement at Mt. Olive High School and Sandshore Elementary School, locker room renovations at Mt. Olive High School, lighting upgrades to the High School TV Studio, exterior wall resurfacing at Mt. Olive High School, the installation of a water line at Tinc Road Elementary School, an HVAC system for the High School technology room, restroom renovations at Mt. Olive High School, tennis court renovations at Mt. Olive Middle School, a turf field at Mt. Olive High School, and new water heaters and water tanks at Mt. Olive High School.

The District also awarded bids for several capital improvement projects that will be completed during the 2017-2018 school year. These include an air dome to be installed over the existing soccer field at Mt. Olive High School, renovations to the Mt. View library/media center, renovations to classrooms at Mt. Olive High School, an auxiliary gym at Mt. Olive High School, the replacement of boilers at Tinc Road School and Mt. Olive Middle School, the repaving of several school parking lots and bus loops, the replacement of the district telephone system, and a new concession stand, restroom facility and covered bleachers at the high school football field.

Recognitions – Mr. Chris Praml, TV production teacher at Mount Olive High School, was named Educational Innovator of the Year by Corp America, a U.S. business market magazine. Mr. Praml was recognized for steadily developing the TV production program over the years and for his dedication in helping students learn hands-on, professional level skills. Under his guidance, the TV department launched its own public access station, which operates in association with the township, and partnered with Fairleigh Dickinson University to offer advanced TV students college credit for their work.

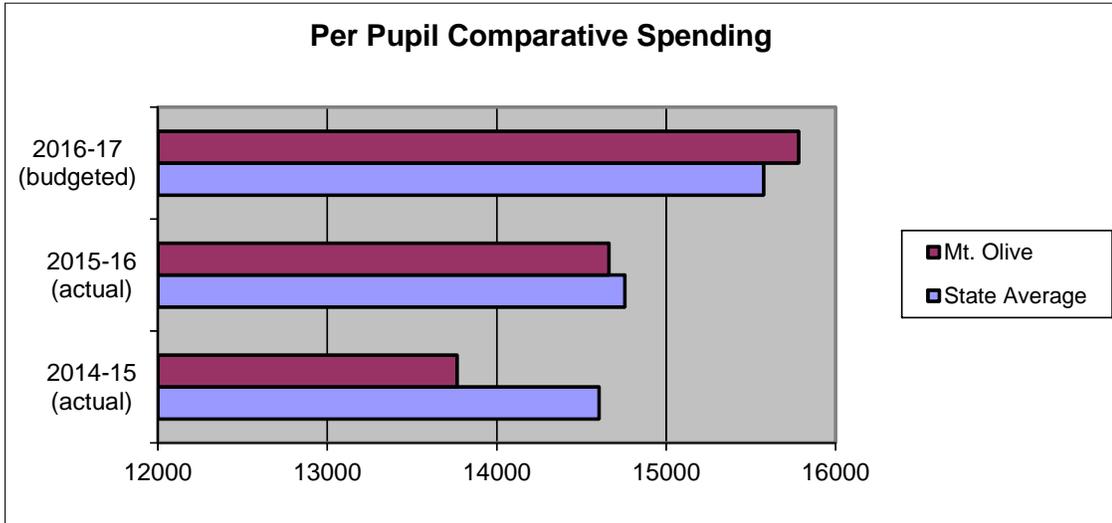
Ms. Diane Phares, an art teacher at Mount Olive High School, was named Morris County Teacher of the Year by the New Jersey Department of Education. County Teachers of the Year are first selected at the school and district level. They then compete for County recognition and are selected by panels representing a cross-section of administrators, teachers, and parents.

Dr. Tracey Severns and Ms. Jen Curry were selected to be national conference speakers at the Visible Learning Conference in San Francisco in July 2017, reporting on the topic of “How to Get Kids to Think”.

The Mount Olive School District was named one of the best communities in the nation for music education by the National Association of Music Merchants Foundation in association with the University of Kansas. The award recognizes the efforts of teachers, administrators, parents, students, and community leaders who have made music an integral part of the District’s educational experience.

Per Pupil Comparative Spending

On an annual basis, the New Jersey Department of Education releases its *Taxpayers’ Guide to Education Spending* for all school districts in the State of New Jersey. The guide compares various per pupil cost factors among similar type districts. The Mount Olive Township School District was compared to 103 other K-12 school districts with an enrollment over 3,500 students. The 2016-17 per pupil cost factors were taken from certified budgets on file with the State Department of Education. The report showed that the District budgeted \$15,782 per pupil while the state average for similar districts was \$15,575. Of the 101 districts, the Mount Olive Township School District ranked 56th in budgeted per pupil spending. The following chart illustrates per pupil comparative spending for the last three years.



Internal Accounting Controls

The management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with 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.

Budgetary Controls

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the 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.

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

Accounting System and Reports

The District's accounting records reflect 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 "Notes to the Basic Financial Statements," Note 1.

Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Risk Management

The Board carries various forms of insurance, including but not limited to, comprehensive general and automobile liability insurance, workers' compensation, legal liability insurance, hazard and theft insurance on property and contents, and fidelity bonds. A complete schedule of insurance is included on schedule J-20 in the statistical section of this report.

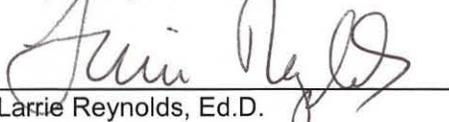
Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkocz, Cerullo & Cuva, 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.

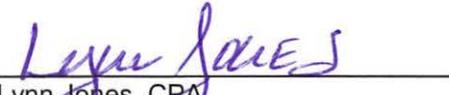
Respectfully submitted,



Larrie Reynolds, Ed.D.
Superintendent of Schools

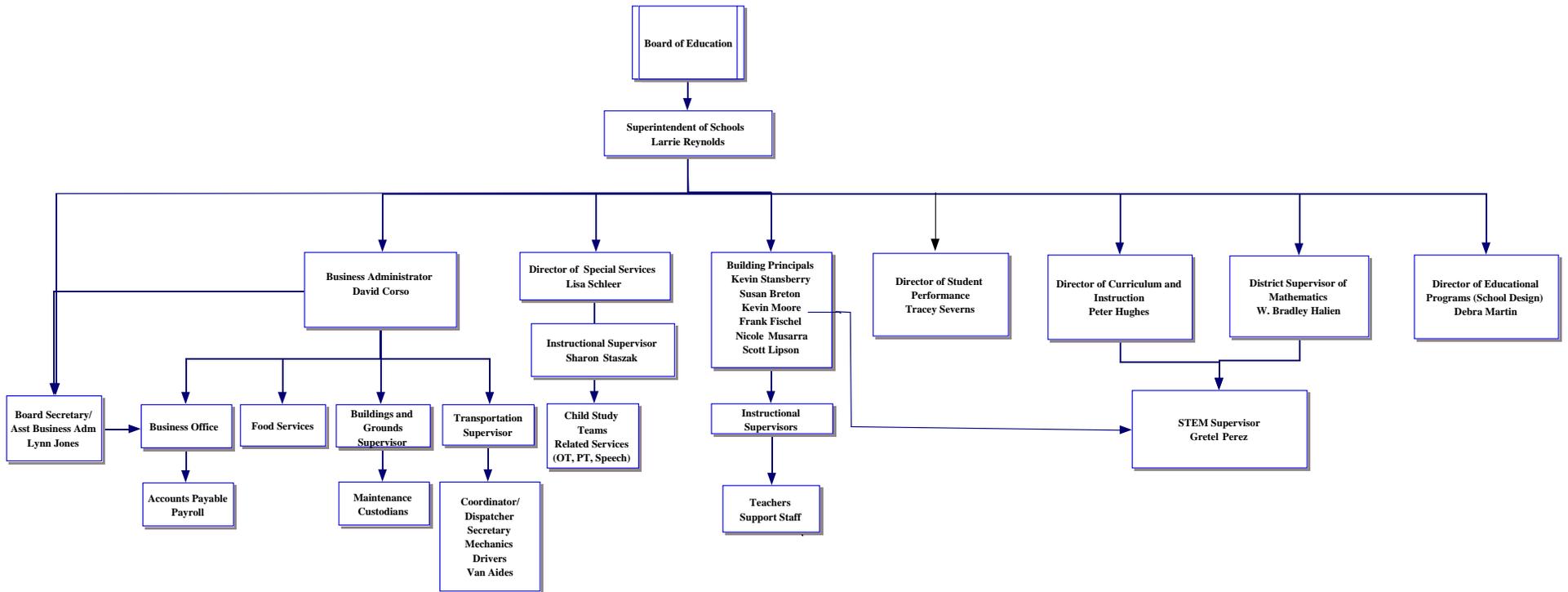


David Corso
Business Administrator



Lynn Jones, CPA
Board Secretary/Asst. Business Administrator

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL CHART



**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires December 31,</u>
Elizabeth Ouimet, President	2018
Anthony Strillacci, Vice-President	2018
Antoine Gayles	2017
Anthony Giordano	2019
John Kehmna	2017
Rhonda Lake-Cohen	2018
William Robinson	2019
Brian Schaechter	2019
Mark Werner	2017

Other Officials

Larrie Reynolds, Ed.D. Superintendent
David Corso, Business Administrator
Lynn Jones, CPA, Board Secretary/Assistant Business Administrator
Sherry Kolody, Treasurer of School Monies

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
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Budd Lake, NJ 07828

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Newton, NJ 07860

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Mount Olive School District, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Mount Olive School District, in the County of Morris, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and Schedules Related to Accounting and Reporting for Pensions identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable President and
Members of the Board of Education
Page 3.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Mount Olive Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by N.J. OMB Circular 15-08 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by N.J. OMB Circular 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by N.J. OMB Circular 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

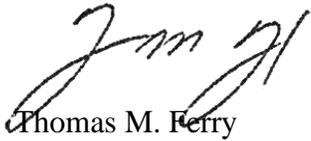
The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017 on our consideration of the Township of Mount Olive Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and

Honorable President and
Members of the Board of Education
Page 4.

grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Mount Olive Board of Education's internal control over financial reporting and compliance.



Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Ferraioli, Wielkocz, Cerullo & Cuva
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

November 27, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
MOUNT OLIVE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

As management of the Mount Olive Township School District (District), we offer readers of the District's financial statements this narrative discussion and analysis, which will provide a general overview of the District's financial performance and activities for the fiscal year ended June 30, 2017. While the intent of this discussion and analysis is to examine the District's financial performance as a whole, we encourage readers to review the basic financial statements and notes to enhance their understanding of the District's financial performance. Certain comparative information between the current fiscal year and the prior fiscal year is presented in this MD&A.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- ❖ Net position at year-end totaled \$19,472,480, which represents an increase of \$3,344,098 over the prior year net position balance of \$16,128,382.
- ❖ Assets increased by \$2,129,271. Current assets such as cash and cash equivalents, accounts receivable, prepaid expenses, and inventory increased by \$516,047 while capital assets such as land, buildings, and machinery and equipment increased by \$1,613,224.
- ❖ Liabilities increased \$4,721,003. Current liabilities such as accounts payable, unearned revenue, and accrued interest payable increased by \$399,641. Long-term liabilities such as bonds payable, loans payable, capital leases payable, net pension liability payable, unamortized bond premium, and accrued compensated absences payable increased by \$4,321,362. The increase in long-term liabilities was due to an increase in the District's net pension liability for PERS employees totaling \$8,534,054.
- ❖ Deferred outflows of resources increased by \$6,078,854 while deferred inflows of resources increased by \$143,024. These fluctuations are attributable to differences between expected and actual experience, changes of assumptions, changes in proportion, and the net difference between projected and actual investment earnings on pension plan investments.
- ❖ General revenues such as property taxes, unrestricted federal and state aid, investment earnings, and miscellaneous income amounted to \$79,575,741, which represents 69% of total revenue. The largest source of revenue for the District continues to be locally assessed property taxes, which comprised 85% of general revenues. Program specific revenues in the form of charges for services and grants and contributions totaled \$36,340,388, the remaining 31% of total revenue. Overall, total revenues increased \$9,239,938, or 8.7% over the prior year. Approximately \$6.5 million of the increase is due to the State's contribution to the Teachers' Pension and Annuity Fund (TPAF). This amount is required to be reported as both a revenue and expense under GASB Statement No. 68.
- ❖ Expenses totaled \$114,083,769. Of this amount, only \$36,340,388 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes, unrestricted state and federal aid, investment earnings, and miscellaneous income) of \$79,575,741 were sufficient to provide for the balance of governmental expenses. Overall, expenses increased \$10,841,663, or 10.5% over the prior year. Again, approximately \$6.5 million of the increase is due to the TPAF adjustment noted above.
- ❖ During the 2017 fiscal year, the District experienced extraordinary and special items totaling \$1,511,738. Of this amount, \$648,328 was recognized as a gain from the sale of the former administration building, \$865,826 was recognized from the revaluation of capital assets, and -\$2,416 was the result of the cancellation of a prior year receivable. Overall, extraordinary and special items increased \$1,577,903 over the prior year.

Overview of the Financial Statements

This Comprehensive Annual Financial Report (CAFR) consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Mount Olive Township School District as a financial whole, an entire operating entity. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) 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.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the school district's finances and a longer-term view of those finances. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the assets and liabilities of the District, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the Statement of Net Position and the Statement of Activities, District operations are divided into two distinct kinds of activities:

- **Governmental activities** – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type activities** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service, Summer School, and Community School enterprise funds are reported as business-type activities.

2) Fund financial statements

Fund financial statements provide the next level of detail. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds: the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The District adopts an annual appropriated budget for its General Fund, Special Revenue Fund, and Debt Service Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the adopted budget.

Proprietary funds. Proprietary funds are used to account for services for which the District charges a fee and are reported in the same way as the government-wide financial statements. There are two types of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost of providing goods or services are financed or recovered primarily through user charges. The District maintains three enterprise funds, which account for all revenues and expenses pertaining to the District's food service operations, the District's summer programs, and the rental of Building #2 at the administrative complex.

The District does not have any internal service funds, which are used to account for goods or services that are provided to other funds of the District.

Fiduciary funds. Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary funds include payroll and student activities funds and employee contributions to the unemployment compensation insurance fund and the flexible spending account trust fund. Fiduciary funds are not reflected in the district-wide financial statements because the District cannot use these assets to finance its operations.

3) Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

District-wide Financial Analysis

The District's financial position is the product of various financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a summary of the School District's net position at June 30, 2017 and June 30, 2016.

**Table 1
Net Position**

	2017	2016
Assets		
Current and Other Assets	\$15,475,208	\$14,959,161
Capital Assets	75,424,072	73,810,848
Total Assets	90,899,280	88,770,009
Deferred Outflows of Resources	13,049,255	6,970,401
Liabilities		
Current Liabilities	3,243,421	2,843,780
Long-Term Liabilities	80,502,533	76,181,171
Total Liabilities	83,745,954	79,024,951
Deferred Inflows of Resources	730,101	587,077
Net Position		
Invested in Capital Assets, Net of Related Debt	37,642,698	32,141,123
Restricted	9,196,464	10,301,504
Unrestricted/(Deficit)	(27,366,682)	(26,314,245)
Total Net Position	\$19,472,480	\$16,128,382

A significant portion of the District's combined net position reflects the District's investment in capital assets (e.g., land, buildings and improvements, furniture and equipment) less any related outstanding debt that was used to acquire those assets. At June 30, 2017 the District's investment in capital assets, net of depreciation, amounted to \$75,424,072 while the District's outstanding debt and debt related charges amounted to \$37,781,374, resulting in a net investment in capital assets of \$37,642,698.

Another significant portion of the District's combined net position represents resources that are subject to external restrictions. The restricted net position balance of \$9,196,464 has been earmarked for the following purposes:

- \$5,983,467 is restricted for capital projects. This amount represents funds set aside in the capital reserve account to fund future capital projects.
- \$6,495 is restricted to pay future debt service obligations.
- \$3,206,502 is restricted to finance subsequent year's expenditures. This figure represents current and prior year excess surplus amounts which must be appropriated and included as anticipated revenue in future budgets. Of this amount, \$2,191,019 has been appropriated and included as anticipated revenue in the General Fund budget for the fiscal year ending June 30, 2018.

The remaining unrestricted deficit balance of \$27,366,682 represents 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. It represents the residual product of various transactions, including the net results of activities. The deficit balance is due to transactions related to the net pension liability for PERS employees, which reduced the District's unrestricted net position by \$29,197,334. However, this does not indicate that the District is facing financial difficulties as evidenced by the District's increase in net position the past two years. Table 2 provides a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

**Table 2
Changes in Net Position**

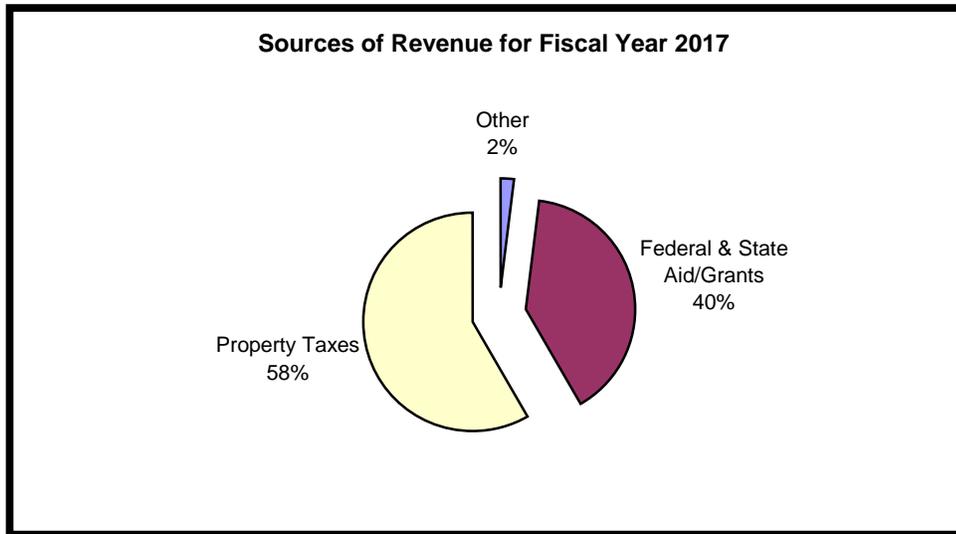
	2017	2016
Revenues		
Program Revenues:		
Charges for services	\$1,973,486	\$1,711,870
Grants and contributions	34,366,902	26,764,688
General revenues:		
Property taxes	67,556,582	66,366,646
Grants and entitlements	11,648,609	11,680,396
Other	370,550	152,591
Total Revenues	115,916,129	106,676,191
Program Expenses		
Instruction	61,237,255	55,095,859
Support Services:		
Pupils and instructional staff	18,084,481	16,292,389
General administration, school administration, business and other support services	10,899,007	9,609,598
Plant operations and maintenance	14,845,383	13,818,421
Pupil transportation	6,386,281	5,616,420
Interest and other debt related charges	1,200,544	1,395,096
Food service operations	988,099	987,989
Other	442,719	426,334
Total Program Expenses	114,083,769	103,242,106
Extraordinary and Special Items		
Revaluation, sale and/or disposal of capital assets	1,514,154	(66,165)
Cancellation of prior year receivable	(2,416)	-
Increase in Net Position	\$3,344,098	\$3,367,920

In addition to the net pension liability described above and the net results of activities shown on the previous table, the following transactions had a significant impact on the Statement of Net Position:

- The principal retirement of debt related to bonds, loans, and capital leases totaling \$4,102,548.
- Investments in capital assets exceeded depreciation on capital assets by \$759,070.
- The issuance of new debt in the form of a capital lease in the amount of \$466,000.

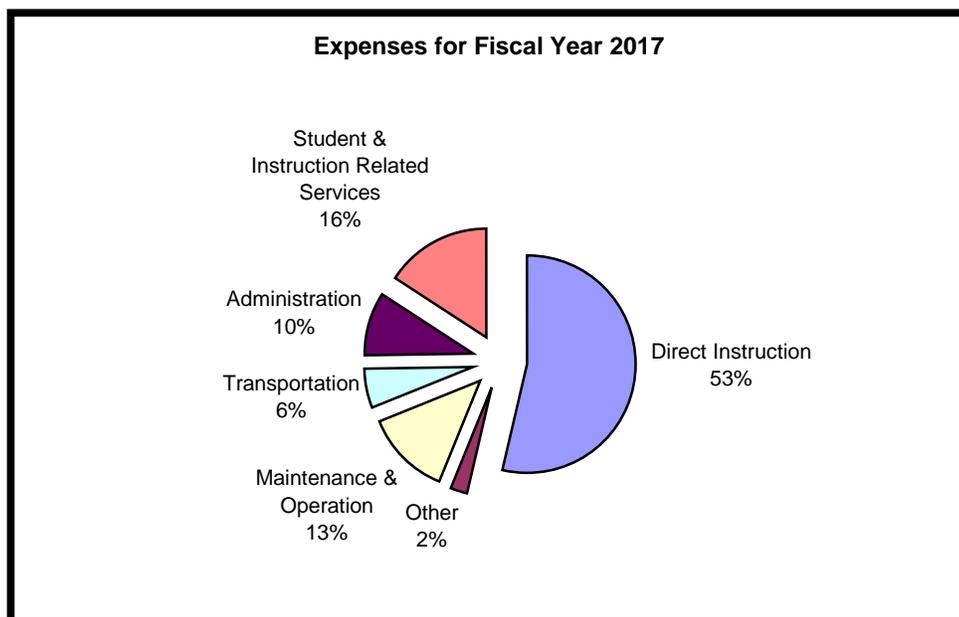
Revenues

Property taxes made up 58% of total revenue for the Mount Olive Township School District for the fiscal year 2017. Federal, state, and local aid and grants accounted for 40% of revenue. The remaining 2% of revenue was derived from charges for services, tuition income, transportation fees, interest earnings, and miscellaneous income. The following chart illustrates the sources of revenue for the fiscal year 2017:



Expenses

The total cost of all programs and services was \$114,083,769. Direct instruction and instruction related services comprised 69% of the District's total expenses. The following chart illustrates the District's expenses for the fiscal year 2017:



Direct instruction includes activities directly related to the interaction between teachers and students. Instruction includes all regular and special education programs, basic skills/remedial programs, bilingual education, before and after school programs, school sponsored co-curricular activities, and athletic programs.

Student and instruction related services includes out-of-district tuition, attendance and social work services, health services, guidance services, educational media/library services, instructional staff training services, curriculum development services, and other student related and extraordinary services such as one-on-one aides, speech, physical therapy, occupational therapy, and services provided by child study team members.

Administration includes those expenses associated with school management and the overall administrative and financial supervision of the District. This includes all costs associated with the activities of the school board, the superintendent, the board secretary, the treasurer, the personnel office, the business office, the technology department, and the administrative team of each school.

Maintenance and operation includes all costs associated with the activities of the District's buildings and grounds department. This includes all expenses related to keeping the facilities open, clean, comfortable, and safe for use or in its original condition, including repairs and replacements to building systems and fixtures. Salaries for all maintenance, custodial, and security personnel are recorded here, along with contracted maintenance, repairs and cleaning services, property insurance and utilities.

Transportation includes all costs associated with the conveyance of students to and from school, including transportation to and from school activities, as provided by state law. This includes the salaries of all transportation personnel, contracted transportation, the maintenance and repair of transportation vehicles, and transportation insurance.

Other expenses includes unallocated depreciation, interest on debt, and the activities of the food service operations, the summer school programs, and building rental accounts.

Financial Analysis of the District's Funds

Governmental Funds

The District maintains four individual governmental funds: the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. The following is a summary of the financial activities of the individual funds:

- ❖ In the General Fund, revenues and other financing sources totaled \$91,930,583 and expenditures and other financing uses totaled \$90,923,875, resulting in a net increase in fund balance of \$1,006,708. This amount was anticipated by management and demonstrates the Board's ongoing commitment to accumulate and maintain a robust fund balance through stringent budgetary constraints.
- ❖ In the General Fund, the year-end fund balance amounted to \$13,664,286. Of this amount, \$5,983,467 has been restricted for capital reserve, \$3,206,502 has been restricted as excess surplus which will be appropriated and included as anticipated revenue in future operating budgets, \$849,781 is committed for specific purposes approved by the Board, \$1,083,428 is assigned for subsequent year's expenditures; and \$1,177,264 is assigned for year-end encumbrances. The remaining balance of \$1,363,844 is unassigned and represents the maximum undesignated/unreserved (2%) fund balance of \$2,840,577 less the final state aid payment of \$1,476,733 which is not recognized for GAAP purposes.
- ❖ In the Special Revenue Fund, revenues and other financing sources totaled \$1,414,795 and expenditures and other financing uses totaled \$1,414,795 resulting in a year-end fund balance of \$0. A zero fund balance is customary in the Special Revenue Fund as grant revenues are recognized only to the extent of grant expenditures.
- ❖ In the Capital Projects Fund, revenues and other financing sources totaled \$2,462,707 and expenditures totaled \$3,063,619, resulting in a net decrease in fund balance of \$600,912. The net decrease produced a year-end fund balance of \$0, which is customary when there are no uncompleted capital projects.
- ❖ In the Debt Service Fund, revenues totaled \$4,759,284 while expenditures totaled \$4,901,910, resulting in a net decrease in fund balance of \$142,626. The year-end fund balance amounted to \$11,083, which must be appropriated and included as anticipated revenue in future Debt Service budgets.

Enterprise Funds

The District maintains three enterprise funds, which account for all revenues and expenses pertaining to the District's food service operations, summer programs, and building rentals. The following is a summary of the financial activities of the individual funds:

- ❖ In the Food Service Fund, revenues totaled \$1,062,296 and expenses totaled \$988,099, resulting in an increase in net position of \$74,197. Charges for services, which represent amounts paid by patrons for meals, amounted to 69% of total revenue. Non-operating revenues, which include state and federal subsidies, interest earnings, and miscellaneous income accounted for the remaining 31% of total revenue. Personnel costs, including payroll taxes and employee benefits, and cost of sales accounted for 86% of operating expenses. The ending net position at June 30, 2017 amounted to \$306,832. Of this amount, \$48,308 reflects the Fund's investment in capital assets and \$258,524 is unrestricted. The Board employs an outside food service management company to oversee its food service operations.
- ❖ Revenues from summer programs totaled \$129,667 and expenses totaled \$145,409, resulting in a net decrease in net position of \$15,742. Charges for services, which represent amounts paid by students for program tuition, amounted to virtually 100% of total revenue. Personnel costs, including payroll taxes and employee benefits, amounted to 68% of operating expenses. Both the summer STEM camp and the remedial summer school program sustained marginal losses for the 2017 fiscal year. The ending net position at June 30, 2017 totaled \$12,344 - \$12,276 for the remedial summer school program and \$68 for the summer STEM camp.
- ❖ The property rental account is used to account for the revenues and expenses related to the rental of commercial office space in Building #2 of the administrative office complex located at 227 US Route 206 in Flanders NJ. Charges for services, which represent amounts paid by renters for office space, amounted to \$374,478, or 100% of total revenue. Operating expenses, such as building management fees, depreciation, real estate taxes, utilities, interest, and maintenance and repairs amounted to \$244,638, thereby resulting in an increase in net position of \$129,840 for the 2017 fiscal year. The ending net position at June 30, 2017 amounted to \$253,256. Of this amount, \$94,980 reflects the Fund's investment in capital assets and \$158,276 is unrestricted. The Board employs Fairclough Realtors of Sparta, NJ to oversee the property rental account.

Analysis of Governmental Fund Activity – Comparison to Prior Year

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2017 and the amount and percentage of increase/(decrease) in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2016	Percentage Increase (Decrease)
Local Sources	\$69,325,186	71.79%	\$2,293,972	3.42%
State Sources	25,782,199	26.70%	1,092,598	4.43%
Federal Sources	1,460,709	1.51%	(4,974)	-0.34%
	<u>\$96,568,094</u>	<u>100.00%</u>	<u>\$3,381,596</u>	<u>3.63%</u>

More than half of the increase in local sources is attributable to an increase in the local tax levy. The local tax levy increased \$1,189,936, which represents a 2% rise over the prior year levy - the maximum growth rate permitted by current legislation without voter approval. Revenue from other local sources increased \$1,104,036. The sale of the former administration building accounted for \$660,000, or 60%, of this increase.

The increase in state sources is primarily attributable to an increase in state on-behalf pension, post-retirement medical benefits, long term disability insurance premiums, and social security contributions totaling \$969,969. The District's contribution to the Teachers Pension and Annuity Fund (TPAF) and the District's share of social security related to TPAF members is made by the State of New Jersey on behalf of the Board. The increase in on-behalf payments accounted for 89% of the increase in state sources.

The decrease in federal sources is attributable to a decrease in revenues recognized for federally funded grant programs.

The following schedule presents a summary of the governmental fund expenditures for the fiscal year ended June 30, 2017 and the amount and percentage of increase in relation to prior year expenditures.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2016</u>	<u>Percentage Increase (Decrease)</u>
Current:				
Distributed Expenditures-Instruction	\$31,829,946	32.89%	\$(272,096)	-0.85%
Undistributed Expenditures	54,541,199	56.36%	3,735,506	7.35%
Capital Outlay	5,495,453	5.68%	(2,899,859)	-34.54%
Debt Service	4,901,910	5.07%	9,233	0.19%
	<u>\$96,768,508</u>	<u>100.00%</u>	<u>\$572,784</u>	<u>0.60%</u>

Distributed Expenditures-Instruction includes all activities associated with the instructional programs including regular and special education, basic skills and remedial instruction, bilingual education, before and after school programs, and school sponsored co-curricular and athletic programs. During the 2016-17 fiscal year, expenditures for regular instruction, basic skills and remedial instruction, and bilingual education decreased \$418,851 while expenditures for special education, school sponsored co-curricular and athletic programs, and before and after school programs increased \$146,755. The overall decrease is largely attributable to salary breakage from retirements, resignations, and leaves.

Undistributed Expenditures includes all support activities that facilitate and enhance the instructional programs including out-of-district tuition, attendance and social work services, health services, guidance services, educational media/library services, instructional staff training services, curriculum development services, and other student related and extraordinary services such as speech, physical therapy, occupational therapy, and services provided by child study team members. This category also includes all school and general administrative services, custodial and maintenance services, and pupil transportation services. Approximately 42% of the increase in undistributed expenditures is attributable to increases in salaries and employee benefits. The increase in state on-behalf payments comprises an additional 26% of the increase while increases in tuition and utilities comprise an additional 5%.

Capital Outlay includes machinery and equipment purchases greater than \$2,000, facilities acquisition and construction services, and assets acquired under capital leases. During the 2017 fiscal year, machinery and equipment purchases totaled \$764,758 and facilities acquisition and construction services totaled \$4,264,695. The District also entered into a capital lease in the amount of \$466,000 for the purchase of four 30-passenger school buses.

Capital outlay expenditures can vary significantly from year to year depending upon the District's capital improvement plan and the need to upgrade and/or replace vehicles, machinery, and equipment. Although the overall expenditures decreased from the prior year, the significant amount invested in capital outlay reflects the District's continued commitment to improve its facilities, to upgrade its fleet of vehicles, to replace obsolete machinery and equipment, and to provide enhanced technology to its students.

The District undertook and completed a number of capital improvements and facility upgrades in the 2017 fiscal year. These projects included window replacement at Mt. Olive High School and Sandshore Elementary School, locker room renovations at Mt. Olive High School, lighting upgrades to the High School TV Studio, exterior wall resurfacing at Mt. Olive High School, the installation of a water line at Tinc Road Elementary School, an HVAC system for the High School technology room, restroom renovations at Mt. Olive High School, tennis court renovations at Mt. Olive Middle School, a turf field at Mt. Olive High School, and new water heaters and water tanks at Mt. Olive High School.

Debt Service includes all of the District's bonded debt and loan obligations. The District's debt service requirements are driven by the amount of annual maturities and the corresponding interest payments for each debt obligation. In the 2017 fiscal year, the District's principal payments increased by \$315,000 while associated interest payments decreased by \$305,767.

General Fund Budgeting Highlights

The District's budget is prepared in accordance with New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The District uses program based budgeting, which is designed to tightly control total program budgets, while providing flexibility for program management. The most significant budgeted fund is the General Fund.

Statements showing the District's original and final budget compared with actual operating results are provided in this CAFR beginning on page 69 for the General Fund. The District's actual year-end results were significantly better than had been projected, as conservative budgetary practices are customary.

The following points highlight key areas of the 2016-2017 General Fund budget:

- On-behalf TPAF pension, post-retirement medical benefits, long term disability insurance premiums, and social security contributions ("on-behalf payments") are not required to be included in the original budget; however, these items are reflected as revenue and expenditures in the financial statements in accordance with GASB Statement No. 24 paragraphs 7 through 13.
- Excluding on-behalf payments, revenues exceeded budgeted estimates by \$1,854,804, or 2.3% of anticipated revenues. The excess is largely attributable to extraordinary aid, which amounted to \$1,182,701 for the current fiscal year. Extraordinary aid is state aid for special education students whose individual program costs exceed certain monetary levels established by the state. This aid is not budgeted since the amount the state will fund is unknown at the time the budget is prepared. In recognition of this, the state allows extraordinary aid to be excluded from the excess surplus calculation and to be appropriated in the subsequent year's budget without prior approval from the Executive County Superintendent.
- Tuition income is budgeted based on the number of projected incoming students at the time the budget is prepared. Consequently, tuition income may vary throughout the year based on the actual number of incoming students. In the 2017 fiscal year tuition income exceeded budgeted estimates by \$447,948.
- Interest income is budgeted based on historical cash balances and existing interest rates. For the 2017 fiscal year, interest income exceeded budgeted estimates by \$55,985.
- Transportation fees are derived from transportation jointures with surrounding school districts, fees paid by students for transportation on school field trips, and from fees charged to the Township Recreation Department and the Mount Olive Child Care and Learning Center for special transportation needs. In the 2017 fiscal year, transportation fees exceeded budgeted estimates by \$22,238.
- Miscellaneous income includes revenue collected for book fines, parking permit fees, facilities usage, prior year refunds, Sunset Academy fees, and other unanticipated revenues. Miscellaneous income can fluctuate dramatically from year to year, based on the uncertain nature of these receipts. In the 2017 fiscal year, actual revenues exceeded budgeted estimates by \$211,302. The difference is largely attributable to a \$141,654 restitution settlement resulting from a longstanding legal case.
- Categorical state aid increased by \$100,282 over the prior year.
- Excluding capital leases and state on-behalf payments, unexpended budget appropriations totaled \$4,327,969, or 5% of the final budget. Of this amount, \$2,027,045 has been reserved for encumbrances, which will be expended in the subsequent fiscal year. The percentage of unexpended budget appropriations falls to 2.7% when taking into account the amount reserved for encumbrances.
- The 2016-17 budget was adopted based on existing and known factors at the time the budget was prepared. Accordingly, the District amended its General Fund budget as needed, based on the actual results of operations. Throughout the course of the year, the Board approved line item transfers whenever a line item was in danger of falling into a deficit balance. Balances remaining in under-expended line items were sufficient to cover those line items requiring additional funds. Line item transfers, which on a cumulative basis exceed 10 percent of the amount included in the original budget, require the approval of the Executive County Superintendent as well as the Board. During the 2016-17 school year, the Board sought County authorization to exceed the 10 percent transfer limit three times. The Executive County Superintendent approved transfers from the out-of-district tuition account and the health benefits account to fund several emergent capital projects.

Capital Assets

The capitalization threshold used by school districts in the State of New Jersey is \$2,000. Acclaim Inventory LLC conducts an annual inventory of the District's capital assets. At June 30, 2017, the District had \$75,424,072 invested in land, site improvements, buildings, furniture, machinery and equipment. The following table illustrates the District's investment in capital assets, net of depreciation.

**Table 3
Capital Assets (Net of Depreciation)**

	2017	2016
Land	\$ 2,028,259	\$ 2,034,870
Site and site improvements	5,164,305	4,648,948
Building and building improvements	62,309,085	62,670,412
Furniture, equipment and machinery	5,922,423	4,456,618
Total Capital Assets	\$ 75,424,072	\$ 73,810,848

Overall, the District invested \$5,403,063 in capital assets for the fiscal year 2017. Of this amount, \$848,166 was invested in site and site improvements, \$3,093,363 was invested in building and building improvements, and \$1,461,534 was invested in furniture, equipment, and machinery. Depreciation expense for the current fiscal year totaled \$4,643,993. In addition, the sale and/or disposition of capital assets resulted in a net reduction of \$11,672 and the physical inventory performed by Acclaim Inventory LLC resulted in a net revaluation adjustment of \$865,826.

Additional information on the District's capital assets can be found in Note 8 of the notes to the basic financial statements.

Debt Administration

At June 30, 2017, the District had \$80,502,533 in long-term outstanding debt, of which \$5,748,617 is due within one year. The following table illustrates the District's outstanding debt at June 30, 2017 and June 30, 2016.

**Table 4
Outstanding Debt**

	2017	2016
Outstanding Bonds, Loans and Notes		
1998 Trust Loan – Sewer Connection Project	\$ -	\$ 50,000
2006 Refunding Bonds - High School Additions and Renovations	-	30,000
2007 Refunding Bonds - High School Additions and Renovations	-	45,000
2011 Refunding Bonds - ERIP Liability	790,000	970,000
2012 Refunding Bonds - High School Additions and Renovations	3,705,000	4,880,000
2014 Refunding Bonds – Mt. Olive Middle School/District Expansion	13,030,000	14,905,000
2016 Refunding Bonds - High School Additions and Renovations	7,430,000	7,540,000
2016 Refunding Bonds - High School Additions and Renovations	7,985,000	8,095,000
Other Noncurrent Liabilities		
Capital Leases Payable	1,193,296	1,104,888
Building Lease Payable	1,550,044	1,700,000
Net Pension Liability	38,972,458	30,438,404
Unamortized Bond Issuance Premium	4,152,161	4,761,585
Accrued Compensated Absences Payable	1,694,574	1,661,294
Total Long-term Outstanding Debt	\$ 80,502,533	\$ 76,181,171

State statutes limit the amount of bonded debt a school district may issue. As a result, the Mount Olive School District's debt is limited to 4% of the average equalized valuation of taxable property. The current debt limitation for the Mount Olive School District is \$121,773,215, resulting in an available borrowing margin of \$88,833,215 at June 30, 2017.

At June 30, 2017 the District had no authorized but unissued debt.

Additional information on the District's long-term outstanding debt can be found in Note 9 of the notes to the basic financial statements.

Factors Bearing on the District's Future

Like most school districts in New Jersey, the District's primary sources of funding are property tax revenue and state aid. State aid comprised 18% of the District's original 2017 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.

The School District resides in a primarily residential community with support from varied commercial and retail property. The Township's population has steadily increased over the past 10 years, while student enrollment has decreased. However, there are several major housing developments at various stages of completion that could impact student enrollment. 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 the enrollment of individual schools 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.

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.

The District employs three separate bargaining units: the Education Association of Mt. Olive ("EAMO"), the International Brotherhood of Teamsters Local 97 ("Teamsters"), and the Mt. Olive Administrators and Supervisors Association. The Board is currently in the process of negotiating a new agreement with EAMO and the Teamsters, which expired on June 30, 2017. The agreement with the Mt. Olive Administrators and Supervisors Association expires on June 30, 2018. Each bargaining unit agreement has a significant impact on the District's future operating budgets as salaries and benefits comprise more than three-quarters of the District's operating budget.

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters is either unknown, or will not have a material adverse effect on the financial position of the District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Board Secretary, Lynn Jones, at the Mount Olive Township School District Administration Building, 227 US Route 206, Flanders, NJ 07836. Please visit our website at www.mtoliveboe.org.

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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents (Note 3)	\$ 6,672,149	\$ 654,639	\$ 7,326,788
Receivables, net (Note 5)	2,083,894	29,082	2,112,976
Internal balances (Note 6)	(200)	200	-
Prepaid expenses	-	9,134	9,134
Inventory (Note 7)	-	23,228	23,228
Restricted assets:			
Cash and cash equivalents (Note 3)	15,345	4,939	20,284
Capital reserve account - cash (Note 4)	5,982,798	-	5,982,798
Capital assets, non-depreciable (Note 8)	1,377,059	651,200	2,028,259
Capital assets, depreciable, net (Note 8)	72,353,681	1,042,132	73,395,813
Total Assets	<u>88,484,726</u>	<u>2,414,554</u>	<u>90,899,280</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on defeasance of debt (Note 10)	1,326,127	-	1,326,127
Deferred amounts related to PERS pension liability (Note 12)	11,723,128	-	11,723,128
Total Deferred Outflows of Resources	<u>13,049,255</u>	<u>-</u>	<u>13,049,255</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,260,220	97,379	2,357,599
Unearned revenue	36,300	124,347	160,647
Accrued interest payable	654,823	70,352	725,175
Long-term liabilities, net (Note 9):			
Due within one year	5,662,304	86,313	5,748,617
Due beyond one year	73,290,185	1,463,731	74,753,916
Total Liabilities	<u>81,903,832</u>	<u>1,842,122</u>	<u>83,745,954</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to PERS pension liability (Note 12)	730,101	-	730,101
Total Deferred Inflows of Resources	<u>730,101</u>	<u>-</u>	<u>730,101</u>
NET POSITION			
Net investment in capital assets (Note 11)	37,499,410	143,288	37,642,698
Restricted for:			
Capital projects	5,983,467	-	5,983,467
Debt service	6,495	-	6,495
Excess surplus	3,206,502	-	3,206,502
Unrestricted/(Deficit)	(27,795,826)	429,144	(27,366,682)
Total Net Position	<u>\$18,900,048</u>	<u>\$ 572,432</u>	<u>\$19,472,480</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, 2017

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	\$ 44,124,968	\$ 107,649	\$ 15,684,420	\$ -	\$ (28,332,899)	\$ -	\$ (28,332,899)
Special education programs	12,790,046	478,299	7,613,846	-	(4,697,901)	-	(4,697,901)
Other instructional programs	2,479,822	9,000	1,095,073	-	(1,375,749)	-	(1,375,749)
School sponsored programs	1,842,419	-	72,349	-	(1,770,070)	-	(1,770,070)
Support services:							
Tuition	2,621,690	-	1,182,701	-	(1,438,989)	-	(1,438,989)
Student & instruction related services	15,462,791	-	4,801,267	-	(10,661,524)	-	(10,661,524)
School administrative services	6,604,221	-	2,090,548	-	(4,513,673)	-	(4,513,673)
Other administrative services	4,294,786	-	300,725	-	(3,994,061)	-	(3,994,061)
Plant operations and maintenance	14,845,383	118,204	105,256	-	(14,621,923)	-	(14,621,923)
Pupil transportation	6,386,281	27,238	565,775	-	(5,793,268)	-	(5,793,268)
Unallocated depreciation	52,672	-	-	-	(52,672)	-	(52,672)
Interest and other debt related charges	1,200,544	-	523,933	-	(676,611)	-	(676,611)
Total governmental activities	112,705,623	740,390	34,035,893	-	(77,929,340)	-	(77,929,340)
Business-type activities:							
Food service	988,099	729,382	331,009	-	-	72,292	72,292
Summer programs	145,409	129,236	-	-	-	(16,173)	(16,173)
Property rentals	244,638	374,478	-	-	-	129,840	129,840
Total business-type activities	1,378,146	1,233,096	331,009	-	-	185,959	185,959
Total primary government	\$114,083,769	\$1,973,486	\$34,366,902	\$-	\$ (77,929,340)	\$ 185,959	\$ (77,743,381)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 63,322,510	\$ -	\$ 63,322,510
Taxes levied for debt service					4,234,072	-	4,234,072
Federal and State aid not restricted					11,648,609	-	11,648,609
Investment earnings					92,985	1,903	94,888
Miscellaneous income					275,229	433	275,662
Extraordinary item - gain on sale of former administration building					648,328	-	648,328
Extraordinary item - revaluation of capital assets					865,826	-	865,826
Special item - cancellation of prior year receivable					(2,416)	-	(2,416)
Total general revenues, special items, extraordinary items and transfers					81,085,143	2,336	81,087,479
Change in Net Position					3,155,803	188,295	3,344,098
Net Position - Beginning					15,744,245	384,137	16,128,382
Net Position - Ending					\$ 18,900,048	\$ 572,432	\$ 19,472,480

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, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and cash equivalents	\$ 6,672,149	\$ -	\$ -	\$ -	\$ 6,672,149
Restricted cash and cash equivalents	5,982,798	-	4,262	11,083	5,998,143
Due from other funds	222,323	-	-	-	222,323
Receivables from other governments	1,476,863	326,918	-	-	1,803,781
Other accounts receivable	269,469	5,953	-	-	275,422
Total assets	\$ 14,623,602	\$ 332,871	\$ 4,262	\$ 11,083	\$ 14,971,818
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 916,321	\$ 119,301	\$ -	\$ -	\$ 1,035,622
Deposits payable	6,695	-	-	-	6,695
Due to other funds	-	213,570	4,262	-	217,832
Unearned revenue	36,300	-	-	-	36,300
Total liabilities	959,316	332,871	4,262	-	1,296,449
Fund balances:					
Restricted for:					
Capital reserve	5,983,467	-	-	-	5,983,467
Excess surplus - current year	1,015,483	-	-	-	1,015,483
Excess surplus - designated for subsequent year expenditures	2,191,019	-	-	-	2,191,019
Debt service	-	-	-	6,495	6,495
Committed to:					
Other purposes	849,781	-	-	-	849,781
Assigned to:					
ARRA/SEMI - designated for subsequent year expenditures	4,898	-	-	-	4,898
Unreserved - designated for subsequent year expenditures	1,078,530	-	-	4,588	1,083,118
Other purposes	1,177,264	-	-	-	1,177,264
Unassigned	1,363,844	-	-	-	1,363,844
Total fund balances	13,664,286	-	-	11,083	13,675,369
Total liabilities and fund balances	\$ 14,623,602	\$ 332,871	\$ 4,262	\$ 11,083	\$ 14,971,818

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, 2017

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

Total fund balances - governmental funds	\$ 13,675,369	
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	\$ 133,051,080	
Accumulated depreciation	<u>(59,320,340)</u>	73,730,740
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>1,391,282</u>	(4,152,161)
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>(466,882)</u>	1,326,127
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	(38,972,458)	
Deferred outflow - difference between expected and actual experience	724,770	
Deferred outflow - changes of assumptions	8,073,012	
Deferred outflow - difference between projected and actual investment earnings	1,486,055	
Deferred outflow - changes in proportion	221,388	
Deferred inflow - changes in proportion	<u>(730,101)</u>	(29,197,334)
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	(32,940,000)	
Capital leases payable	(1,193,296)	
Accrued interest on bonds, notes, and capital leases	(654,823)	
Accrued compensated absences	<u>(1,694,574)</u>	(36,482,693)
Net position of governmental activities		<u>\$ 18,900,048</u>

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, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local sources:					
Local tax levy	\$ 63,322,510	\$ -	\$ -	\$ 4,234,072	\$ 67,556,582
Tuition charges	585,948	-	-	-	585,948
Transportation fees	27,238	-	-	-	27,238
Interest on investments	71,451	-	-	-	71,451
Interest earned on capital reserve funds	21,534	-	-	-	21,534
Sale of Property	660,000	-	-	-	660,000
Miscellaneous	391,802	9,352	-	1,279	402,433
Total - Local Sources	65,080,483	9,352	-	4,235,351	69,325,186
State sources	25,258,266	-	-	523,933	25,782,199
Federal sources	57,682	1,403,027	-	-	1,460,709
Total revenues	90,396,431	1,412,379	-	4,759,284	96,568,094
EXPENDITURES					
Current:					
Regular instruction	22,603,587	7,468	-	-	22,611,055
Special education instruction	6,103,965	592,940	-	-	6,696,905
Other instructional programs	1,083,558	180,008	-	-	1,263,566
School sponsored programs	1,258,420	-	-	-	1,258,420
Support services and undistributed costs:					
Tuition and transfers to charter schools	2,621,690	-	-	-	2,621,690
Student & instruction related services	8,070,797	490,511	-	-	8,561,308
School administrative services	3,420,218	-	-	-	3,420,218
Other administrative services	3,098,526	-	-	-	3,098,526
Plant operations and maintenance	8,561,682	-	-	-	8,561,682
Pupil transportation	4,789,921	-	-	-	4,789,921
Unallocated employee benefits	23,360,335	127,519	-	-	23,487,854
Capital outlay	3,486,053	4,581	2,004,819	-	5,495,453
Debt service:					
Principal	-	-	-	3,575,000	3,575,000
Interest and other charges	-	-	-	1,326,910	1,326,910
Total expenditures	88,458,752	1,403,027	2,004,819	4,901,910	96,768,508
Excess (Deficiency) of revenues over (under) expenditures	1,937,679	9,352	(2,004,819)	(142,626)	(200,414)
OTHER FINANCING SOURCES (USES)					
Capital Leases (non-budgeted)	466,000	-	-	-	466,000
Operating Transfers:					
Transfers in	1,068,152	2,416	2,462,707	-	3,533,275
Transfers out	(2,465,123)	(9,352)	(1,058,800)	-	(3,533,275)
Cancellation of prior year receivable	-	(2,416)	-	-	(2,416)
Total other financing sources and uses	(930,971)	(9,352)	1,403,907	-	463,584
Net change in fund balances	1,006,708	-	(600,912)	(142,626)	263,170
Fund balance—July 1	12,657,578	-	600,912	153,709	13,412,199
Fund balance—June 30	\$ 13,664,286	\$ -	\$ -	\$ 11,083	\$ 13,675,369

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, 2017

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)		\$ 263,170
<p>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.</p>		
Capital outlays		\$ 5,365,040
Depreciation expense		(4,605,409)
(Net) Revaluation of capital assets		<u>865,826</u>
		1,625,457
<p>The sale of capital assets is recorded in the governmental funds as revenue in the year the asset is sold. However, in the statement of activities, the sale is recorded as an extraordinary item as the difference between the sale price and the asset's net book value.</p>		
Cost of capital assets		(293,511)
Accumulated depreciation		<u>281,839</u>
		(11,672)
<p>Capital leases are reported in the governmental funds as other financing sources and lease payments are reported as expenditures in the year the payments occur. In the statement of net position, capital leases are capitalized and lease payments are reported as a reduction to long-term liabilities.</p>		
Capital leases		(466,000)
Lease payments		<u>377,592</u>
		(88,408)
<p>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.</p>		
		3,575,000
<p>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.</p>		
		609,424
<p>Refunding bond proceeds are reported as financing sources in the governmental funds 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 of deferred interest, which is amortized over the life of the bonds.</p>		
		(194,530)
<p>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.</p>		
		(135,320)
<p>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.</p>		
Change in net pension liability		(8,534,054)
Deferred outflow - change in the difference between expected and actual experience		(1,383)
Deferred outflow - changes of assumptions		4,804,171
Deferred outflow - change in net difference between projected and actual investment earnings		1,486,055
Deferred outflow - changes in proportion		(64,357)
Deferred inflow - change in net difference between projected and actual investment earnings		489,391
Deferred inflow - changes in proportion		<u>(632,415)</u>
		(2,452,592)
<p>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 (+).</p>		
		<u>(34,726)</u>
Change in net position of governmental activities		<u><u>\$ 3,155,803</u></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, 2017

	Business-type Activities - Non-Major <u>Total</u> <u>Enterprise Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 654,639
Restricted cash and cash equivalents	4,939
Intergovernmental accounts receivable	22,184
Interfund receivable	200
Other accounts receivable	6,898
Prepaid expenses	9,134
Inventories	23,228
Total current assets	<u>721,222</u>
Noncurrent assets:	
Capital assets	2,135,295
Less accumulated depreciation	<u>441,963</u>
Total noncurrent assets	<u>1,693,332</u>
Total assets	<u>2,414,554</u>
LIABILITIES	
Accounts payable	92,440
Unearned revenue	124,347
Deposits payable	4,939
Capital leases payable	1,550,044
Accrued interest payable	70,352
Total liabilities	<u>1,842,122</u>
NET POSITION	
Invested in capital assets, net of related debt	143,288
Unrestricted	429,144
Total net position	<u>\$ 572,432</u>

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, 2017

	Business-type Activities - Non-Major <u>Total</u> <u>Enterprise Funds</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 721,023
Daily sales - non-reimbursable programs	8,359
Rental income	374,478
Tuition	129,236
Total operating revenues	<u>1,233,096</u>
Operating expenses:	
Salaries and other personnel costs	459,540
Payroll taxes and employee benefits	88,209
Management fees	57,450
Cost of sales - reimbursable programs	308,557
Cost of sales - non-reimbursable programs	90,395
Supplies and materials	75,400
Depreciation	38,584
Maintenance and repairs	43,003
Real estate taxes	49,968
Utilities	39,526
Interest expense	70,352
Other objects	57,162
Total operating expenses	<u>1,378,146</u>
Operating loss	<u>(145,050)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	8,025
Federal sources:	
School breakfast program	25,582
National school lunch program	240,495
After school snack program	641
Special milk program	1,524
Food donation program	54,742
Interest income	1,903
Other income	433
Total nonoperating revenues	<u>333,345</u>
Change in net position	188,295
Total net position - beginning	<u>384,137</u>
Total net position - ending	<u>\$ 572,432</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, 2017

	Business-type Activities - Non-Major <u>Total</u> Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,259,845
Payments for employees and employee benefits	(548,404)
Payments to suppliers for goods and services	(680,869)
Net cash used in operating activities	<u>30,572</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State sources	7,856
Federal sources	262,895
Other income	433
Net cash provided by non-capital financing activities	<u>271,184</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	(223,906)
Purchase of capital assets	(7,010)
Net cash used for capital and related financing activities	<u>(230,916)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	1,903
Net increase (decrease) in cash and cash equivalents	<u>72,743</u>
Cash and cash equivalents - beginning of year	581,896
Cash and cash equivalents - end of year	<u>\$ 654,639</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (145,050)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and interest expense	108,936
Food donation program	54,742
(Increase) decrease in accounts receivable, net	(1,756)
(Increase) decrease in interfund receivable	(200)
(Increase) decrease in prepaid expenses	(9,134)
(Increase) decrease in inventories	2,978
Increase (decrease) in accounts payable, net	13,337
Increase (decrease) in deferred revenue	12,165
Increase (decrease) in compensated absences payable	(1,446)
Increase (decrease) in interfund payable	(4,000)
Total adjustments	<u>175,622</u>
Net cash used in operating activities	<u>\$ 30,572</u>

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, 2017

	Total Agency Funds	Total Trust Funds	Total Trust and Agency Funds
ASSETS			
Cash and cash equivalents	\$ 570,478	\$ 309,492	\$ 879,970
Accounts receivable	8,618	-	8,618
Total assets	<u>579,096</u>	<u>309,492</u>	<u>888,588</u>
LIABILITIES			
Accounts payable	27,027	21,216	48,243
Payroll deductions and withholdings	147,673	-	147,673
Interfund payable	4,691	-	4,691
Due to student groups	399,705	-	399,705
Total liabilities	<u>579,096</u>	<u>21,216</u>	<u>600,312</u>
NET POSITION			
Held in trust for unemployment claims	-	264,298	264,298
Held in trust for medical and dependent care claims	<u>-</u>	<u>23,978</u>	<u>23,978</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 288,276</u>	<u>\$ 288,276</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, 2017

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust	Total Trust Funds
ADDITIONS:			
Contributions:			
Plan members	\$ 138,779	\$ 71,211	\$ 209,990
Total contributions	<u>138,779</u>	<u>71,211</u>	<u>209,990</u>
Investment earnings:			
Interest	1,360	106	1,466
Total investment earnings	<u>1,360</u>	<u>106</u>	<u>1,466</u>
Total additions	<u>140,139</u>	<u>71,317</u>	<u>211,456</u>
DEDUCTIONS:			
Quarterly contribution reports	58,971	-	58,971
Unemployment claims	43,370	-	43,370
Qualified medical and dependent care claims	-	69,569	69,569
Service charges	-	2,135	2,135
Total deductions	<u>102,341</u>	<u>71,704</u>	<u>174,045</u>
Change in net position	37,798	(387)	37,411
Net position-beginning of the year	<u>226,500</u>	<u>24,365</u>	<u>250,865</u>
Net position-end of the year	<u>\$ 264,298</u>	<u>\$ 23,978</u>	<u>\$ 288,276</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, 2017

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education of the Mount Olive Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Mount Olive Township School District ("District") is a Type II district 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. The purpose of the district is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include 4 elementary schools, a middle school, and a high school located in the Township of Mount Olive. 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 basic financial statements of the Board of Education of the Mount Olive Township School District have been prepared in conformity with generally accepted accounting principles in the United States of America (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 Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. 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, 2017
(Continued)

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

A. Basis of Presentation: (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 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 Expense by Board resolution.

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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

A. Basis of Presentation: (Cont'd)

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 Type

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

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.

Additionally, the District reports the following fund type:

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.

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 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. All assets and liabilities associated with the operation of the District are included on the statement of net position, with the exception of fiduciary funds. 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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Measurement Focus and Basis of Accounting: (Cont'd)

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.

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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

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, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

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

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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (Continued)

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

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. 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 established by ASBO International:

	Estimated Useful Life
Buildings	50 years
Building Improvements	20 years
Licensed Vehicles	8 years
Classroom and Office Furniture	20 years
Computer Hardware	5 years
Grounds Equipment	15 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.

H. 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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (Continued)

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

I. 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.

J. 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, 2017 the District had restricted fund balances of \$5,983,467 for capital projects, \$6,495 for future debt service payments, and \$3,206,502 for excess surplus, which will be appropriated and included as anticipated revenue in future operating budgets.

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, 2017 the District had committed resources totaling \$849,781 for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Purchase of buses	\$366,811
Classroom upgrades at Mt. Olive High School	189,400
Replacement of boiler at Tinc Road Elementary School	110,000
Replacement of boiler at Mt. Olive Middle School	183,570
	<u>\$849,781</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

J. Fund Balance Restrictions, Commitments, and Assignments: (Cont'd)

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, 2017 the District had assigned resources for outstanding encumbrances totaling \$1,177,264 and for amounts designated for subsequent year's expenditures totaling \$1,088,016.

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, 2017 the District had unassigned resources totaling \$1,363,844. In funds other than the General Fund, the unassigned classification would be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

K. 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, 2017 the District had no unsettled employment contracts.

L. 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.

M. Allowance for Uncollectible Accounts:

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

N. 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.

O. 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, 2017 the District had fund balance restricted for excess surplus in the amount of \$3,206,502. Of this amount, \$2,191,019 has been appropriated and included as anticipated revenue in the 2017-2018 budget and \$1,015,483 will be appropriated and included as anticipated revenue in the 2018-2019 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, 2017
(Continued)

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

P. 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, 2017, the District had \$1,326,127 in deferred outflows of resources for deferred loss on defeasance of debt arising from the issuance of refunding bonds and \$11,723,128 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, 2017, the District had \$730,101 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.

Q. 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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

R. 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.

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.

V. On-behalf TPAF Pension and Social Security Payments:

The District's contribution to the Teachers Pension and Annuity Fund (TPAF) and the District's share of social security related to TPAF members is made by the State of New Jersey on behalf of the Board. On-behalf payments 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. On-behalf payments made by the State of New Jersey are not budgeted. These amounts are offset by related revenues and, as such, do not represent budgetary overexpenditures.

W. Accounting and Financial Reporting for Pensions:

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

W. Accounting and Financial Reporting for Pensions: (Cont'd)

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (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. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

X. Recent Accounting Pronouncements:

In November 2016, the Government Accounting Standards Board issued *GASB Statement No. 83, Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued *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. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

X. Recent Accounting Pronouncements: (Cont'd)

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

Y. 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.

Z. Deficit Net Position:

At June 30, 2017, the District has a deficit in unrestricted net position of \$27,795,826 in governmental activities. The deficit is directly attributable to the District's allocated share of the net pension liability for PERS employees, which totaled \$38,972,458 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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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.

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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, 2017
(Continued)

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

As of June 30, 2017, cash and cash equivalents of the District consisted entirely of amounts deposited in interest bearing checking, savings, and money market accounts as follows:

	Carrying Amount	Bank Balance
Governmental Funds - Unrestricted	\$6,672,149	\$7,980,768
Governmental Funds - Restricted	5,998,143	6,052,919
Enterprise Funds - Unrestricted	654,639	652,477
Enterprise Funds - Restricted	4,939	4,939
Agency Funds	570,478	698,487
Trust Funds	309,492	311,375
	\$14,209,840	\$15,700,965

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 2016-17 fiscal year is as follows:

Beginning cash balance, July 1, 2016		\$5,364,533
Increased by:		
Additional increase authorized by Board resolution	\$2,000,000	
Funds returned from unexpended and/or abandoned projects	1,058,800	
Interest earnings	20,865	
		3,079,665
		8,444,198
Decreased by:		
Budgeted transfer from capital reserve		2,461,400
Ending cash balance, June 30, 2017		5,982,798
Accrued interest receivable at June 30, 2017		669
Ending fund balance, June 30, 2017		\$5,983,467

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 is \$16,387,500.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (Continued)

NOTE 5. RECEIVABLES

Receivables at June 30, 2017 consisted of state and federal aid receivable, intergovernmental 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	\$ 1,381,516
Federal grants receivable	348,452
Intergovernmental accounts receivable	95,997
Interfund accounts receivable	4,691
Other accounts receivable	<u>282,320</u>
Total receivables	<u><u>\$ 2,112,976</u></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

On the fund financial statements, interfund loans and accounts receivable/payable are reported as "Due to/from Other Funds" on the respective balance sheets. Interfund balances between the governmental fund types are eliminated in the Statement of Net Position while interfund balances between the governmental fund types and the proprietary fund types are reflected on the Statement of Net Position as internal balances between Governmental and Business-type activities. Interfund balances between the governmental fund types and the fiduciary funds are reflected in the Statement of Net Position as accounts receivable/payable. The following is a summary of interfund balances at June 30, 2017:

\$ 213,570		Due to the General Fund from the Special Revenue Fund
4,262		Due to the General Fund from the Capital Projects Fund
4,691		Due to the General Fund from the Fiduciary Fund
<u>200</u>		Due from the General Fund to the Enterprise Fund
222,723		Total Interfund Balance - Fund Financial Statements
(217,832)		Elimination of Governmental Interfund Activities
<u>(200)</u>		Elimination of Internal Balances
<u>\$ 4,691</u>		

All interfund transfers are expected to be repaid within one year.

NOTE 7. INVENTORIES

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$ 18,058
Non-Food Items	<u>5,170</u>
	<u><u>\$ 23,228</u></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, 2017
(continued)

NOTE 8. CAPITAL ASSETS

The District appointed Acclaim Inventory LLC to conduct a physical inventory of its capital assets as of June 30, 2017. The following schedule details the district's capital asset activity for the year ended June 30, 2017:

	Beginning Balance	Additions	Sold	Adjustments	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,383,670	\$ -	\$ (6,611)	\$ -	\$ 1,377,059
Total capital assets not being depreciated	<u>1,383,670</u>	<u>-</u>	<u>(6,611)</u>	<u>-</u>	<u>1,377,059</u>
Capital assets being depreciated:					
Site and site improvements	7,754,954	848,166	(33,100)	-	8,570,020
Building and building improvements	107,623,466	3,093,363	(253,800)	-	110,463,029
Machinery and equipment	9,595,316	1,423,511	-	1,622,145	12,640,972
Total capital assets being depreciated	<u>124,973,736</u>	<u>5,365,040</u>	<u>(286,900)</u>	<u>1,622,145</u>	<u>131,674,021</u>
Governmental activities capital assets	<u>126,357,406</u>	<u>5,365,040</u>	<u>(293,511)</u>	<u>1,622,145</u>	<u>133,051,080</u>
Less accumulated depreciation for:					
Site and site improvements	(3,106,006)	(332,809)	33,100	-	(3,405,715)
Building and improvements	(45,980,878)	(3,415,629)	248,739	-	(49,147,768)
Machinery and equipment	(5,153,567)	(856,971)	-	(756,319)	(6,766,857)
Total accumulated depreciation	<u>(54,240,451)</u>	<u>(4,605,409)</u>	<u>281,839</u>	<u>(756,319)</u>	<u>(59,320,340)</u>
Government activities capital assets, net	<u>\$ 72,116,955</u>	<u>\$ 759,631</u>	<u>\$ (11,672)</u>	<u>\$ 865,826</u>	<u>\$ 73,730,740</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 651,200	\$ -	\$ -	\$ -	\$ 651,200
Total capital assets not being depreciated	<u>651,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>651,200</u>
Capital assets being depreciated:					
Building and building improvements	1,048,800	-	-	-	1,048,800
Machinery and equipment	397,271	38,023	-	-	435,294
Total capital assets being depreciated	<u>1,446,071</u>	<u>38,023</u>	<u>-</u>	<u>-</u>	<u>1,484,094</u>
Business-type activities capital assets	<u>2,097,271</u>	<u>38,023</u>	<u>-</u>	<u>-</u>	<u>2,135,294</u>
Less accumulated depreciation for:					
Building and improvements	(20,976)	(34,000)	-	-	(54,976)
Machinery and equipment	(382,402)	(4,584)	-	-	(386,986)
Total accumulated depreciation	<u>(403,378)</u>	<u>(38,584)</u>	<u>-</u>	<u>-</u>	<u>(441,962)</u>
Business-type activities capital assets, net	<u>\$ 1,693,893</u>	<u>\$ (561)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,693,332</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular programs – instruction	\$ 104,146
Student and instruction related services	241,767
School administrative services	5,560
Other administrative services	93,009
Plant operations and maintenance	3,853,926
Pupil transportation	254,329
Unallocated depreciation	<u>52,672</u>
 Total depreciation expense	 <u>\$ 4,605,409</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017 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	\$ 36,465,000	\$ -	\$ 3,525,000	\$ 32,940,000
Capital leases payable	1,104,888	466,000	377,592	1,193,296
Loans payable	50,000	-	50,000	-
Unamortized bond issuance premium	4,761,585	-	609,424	4,152,161
Net pension liability	30,438,404	9,709,146	1,175,092	38,972,458
Compensated absences payable	1,659,848	121,311	86,585	1,694,574
Total governmental activities	<u>\$ 74,479,725</u>	<u>\$ 10,296,457</u>	<u>\$ 5,823,693</u>	<u>\$ 78,952,489</u>
Business-type activities:				
Building lease payable	\$ 1,700,000	\$ -	\$ 149,956	\$ 1,550,044
Compensated absences payable	1,446	-	1,446	-
Total business-type activities	<u>\$ 1,701,446</u>	<u>\$ -</u>	<u>\$ 151,402</u>	<u>\$ 1,550,044</u>

	Amounts Due Within One Year	Amounts Due Beyond One Year	Total
Governmental activities:			
Serial bonds payable	\$ 3,345,000	\$ 29,595,000	\$ 32,940,000
Capital leases payable	384,215	809,081	1,193,296
Unamortized bond issuance premium	609,424	3,542,737	4,152,161
Net pension liability	1,217,903	37,754,555	38,972,458
Compensated absences payable	105,762	1,588,812	1,694,574
Total governmental activities	<u>\$ 5,662,304</u>	<u>\$ 73,290,185</u>	<u>\$ 78,952,489</u>
Business-type activities:			
Building lease payable	<u>\$ 86,313</u>	<u>\$ 1,463,731</u>	<u>\$ 1,550,044</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017 are comprised of the following issues:

Purpose	Issue Date	Original Amount Issued	Interest Rates	Date of Maturity	Principal Balance at June 30, 2017
Middle School Construction	10/29/2014	\$16,740,000	3.00-5.00%	1/15/2023	\$13,030,000
Early Retirement Incentive	12/20/2011	1,535,000	2.61-3.48%	2/01/2021	790,000
High School Addition	05/31/2012	6,175,000	3.00-4.00%	7/15/2019	3,705,000
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>\$32,940,000</u>

Bond Obligations:

Debt service requirements on serial bonds payable at June 30, 2017 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 3,345,000	\$ 1,409,870	\$ 4,754,870
2019	3,485,000	1,283,069	4,768,069
2020	3,540,000	1,146,068	4,686,068
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	1,855,000	46,375	1,901,375
	<u>\$ 32,940,000</u>	<u>\$ 8,367,990</u>	<u>\$ 41,307,990</u>

Capital Leases:

The District has entered into various leases for buses, maintenance and technology department vehicles, computer equipment and peripherals, and network upgrades. 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
2018	\$ 384,215
2019	390,955
2020	282,605
2021	135,521
	<u>\$ 1,193,296</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (continued)

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

Loans Payable:

In April 1997 the District entered into an Inter-Local Service Agreement with the Township of Mount Olive to finance the construction of the sewer connection project. The financing, obtained by the Township on behalf of the Board of Education, consisted of two loans from the State of New Jersey Environmental Infrastructure Trust. The final payment of \$50,000 was paid in August 2016.

Unamortized Bond Issuance Premium:

At June 30, 2017, the District had unamortized premiums on four refunding bond issues totaling \$4,152,161. Amortization expense for the fiscal year ended June 30, 2017 amounted to \$609,424.

Bond premiums are amortized using the straight-line method over the life of the specific bonds as follows:

Fiscal Year Ending June 30,	Amortization Expense
2018	\$ 609,424
2019	609,424
2020	528,516
2021	524,999
2022	524,999
2023-2029	1,354,799
	\$ 4,152,161

Net Pension Liability:

At June 30, 2017, the District reported a liability of \$38,972,458 for its proportionate share of the Public Employees' Retirement System's (PERS) net pension liability. Of this amount, \$1,217,903 is due within one year and \$37,754,555 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, 2017. 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 \$1,694,574 at June 30, 2017. Of this amount, \$105,762 is due within one year and \$1,588,812 is due beyond one year.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (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 used as the new administration building while the other building 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 seller 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 2016-17 fiscal year, the District made a payment of \$223,906. Of this amount, \$73,950 was considered interest and the remaining balance of \$149,956 was applied as principal, bringing the outstanding payable balance to \$1,550,044.

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, 2017, the District has recorded an unamortized balance of \$1,326,127 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2017 was \$194,530.

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	\$ 73,730,740
Outstanding bond obligations used to build or acquire capital assets	(32,150,000)
Capital leases payable	(1,193,296)
Deferred loss on defeasance of debt used to build or acquire capital assets	1,264,127
Unamortized deferred premium	(4,152,161)
Total governmental activities	<u>\$ 37,499,410</u>
Business-type activities:	
Capital assets, net of depreciation	\$ 1,693,332
Outstanding lease obligations used to build or acquire capital assets	(1,550,044)
Total business-type activities	<u>\$ 143,288</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 12. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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.

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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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 \$1,175,092 for fiscal year 2017.

The employee contribution rate was 7.2% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years, effective July 1st of each year, to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$38,972,458 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.1316%, which was a decrease of 0.004% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$3,621,531. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience – 2015	\$555,392	
Difference between expected and actual experience – 2016	169,377	
Changes in assumptions – 2014	489,892	
Changes in assumptions – 2015	2,001,806	
Changes in assumptions – 2016	5,581,314	
Difference between projected and actual investment earnings - 2014	(734,109)	
Difference between projected and actual investment earnings - 2015	469,678	
Difference between projected and actual investment earnings - 2016	1,750,487	
	\$10,283,837	
Changes in proportion	221,388	\$730,101
District contributions subsequent to the measurement date	1,217,903	
	\$11,723,128	\$730,101

District contributions subsequent to the measurement date (\$1,217,903) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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, 2017
 (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)

Fiscal Year Ending June 30,	Pension Expense
2017	\$2,315,313
2018	2,315,313
2019	2,682,367
2020	2,253,581
2021	717,263
	\$10,283,837

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 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014, respectively.

Actuarial Assumptions

The pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation	3.08 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term 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 PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

Asset Class	Target Allocation	Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2016 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:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of net pension liability	\$47,756,199	\$38,972,458	\$31,720,719

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Pension Plan Fiduciary Net Position

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 (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. 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 (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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:

Tier	Definition
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, 2017
 (Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements must disclose the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$3,490,087 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$18,441,594.

The employee contribution rate was 7.2% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years, effective July 1st of each year, to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$245,442,577. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.312%, which was an increase of 0.003% from its proportion measured as of June 30, 2015.

District's proportionate share of the net pension liability	\$	-0-
State's proportionate share of the net pension liability associated with the district		245,442,577
Total	\$	245,442,577

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$18,441,594. In accordance with GASB Statement No. 24 paragraphs 7 through 13, the District recognized pension expense and revenue in the same amount in the June 30, 2017 financial statements.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (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)

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

	Amortization Period In Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions - 2014	8.5	\$1,691,524,165	
Changes in assumptions - 2015	8.3	4,488,602,746	
Changes in assumptions - 2016	8.3	9,522,623,964	
Difference between expected and actual experience - 2014	8.5		\$16,110,615
Difference between expected and actual experience - 2015	8.3	277,221,464	
Difference between expected and actual experience - 2016	8.3		118,421,979
Net difference between projected and actual investment earnings on pension plan investments - 2014	5	(870,618,286)	
Net difference between projected and actual investment earnings on pension plan investments - 2015	5	577,926,182	
Net difference between projected and actual investment earnings on pension plan investments - 2016	5	1,727,420,767	
		<u>\$17,414,701,002</u>	<u>\$134,532,594</u>

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:

Fiscal Year Ending June 30,	Pension Expense
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	<u>\$ 17,280,168,408</u>

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuary determined contributions. 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 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 (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's proportionate share of the net pension liability associated with the District	\$293,113,288	\$245,442,577	\$206,513,290

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

As a general rule, all full-time employees are eligible to join one of the two pension plans detailed above. However, 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.

The District recognized DCRP pension expense of \$70,683 for the fiscal year ended June 30, 2017. Employee contributions to the DCRP amounted to \$117,833 for the fiscal year ended June 30, 2017.

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, 2017

NOTE 13. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

For the fiscal years ended June 30, 2017, 2016 and 2015 the State of New Jersey contributed \$2,908,037, \$2,974,463, and \$2,652,228 for post-retirement medical benefits on behalf of the District. On-behalf post-retirement medical payments 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.

NOTE 14. ON-BEHALF TPAF SOCIAL SECURITY CONTRIBUTIONS

In addition to the TPAF pension and post-retirement medical benefits paid on behalf of the District, the State also reimbursed the District for the employer's share of social security contributions for TPAF members, as calculated on their base salaries, in accordance with N.J.S.A. 18A:66-66. The following is a summary of TPAF social security reimbursements made by the State:

Funding Year June 30,	Annual Reimbursement
2017	\$ 2,356,123
2016	2,321,216
2015	2,284,466

On-behalf TPAF social security 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.

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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15. DEFERRED COMPENSATION (Cont'd)

Deferred compensation plans are available from the following providers:

- Ameriprise Financial
- AXA Equitable Financial
- Met Life Connecticut
- Sun America Mutual Funds
- Valic
- Vanguard

The District's Business Administrator 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.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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:

<u>Fiscal Year</u>	<u>Plan Member Contributions</u>	<u>Board Contributions</u>	<u>Interest Earnings</u>	<u>Quarterly Billings</u>	<u>Reimbursed to State</u>	<u>Ending Balance</u>
2016-2017	\$138,779	\$-0-	\$1,360	\$58,971	\$43,370	\$264,298
2015-2016	\$131,272	\$80,000	\$622	\$53,543	\$65,069	\$226,500
2014-2015	\$131,418	\$80,000	\$324	\$55,108	\$142,024	\$133,218

NOTE 17. FUND BALANCE APPROPRIATED

General Fund - Of the \$13,664,286 General Fund balance at June 30, 2017, \$2,027,045 is committed or assigned for outstanding encumbrances, \$3,274,447 has been designated for subsequent year expenditures, \$1,015,483 has been restricted as excess surplus to be appropriated and included as anticipated revenue in the 2018-19 school district budget, \$5,983,467 has been restricted as capital reserve, and \$1,363,844 is unassigned.

Debt Service Fund - Of the \$11,083 Debt Service Fund balance at June 30, 2017, \$6,495 is restricted to pay future debt service requirements and \$4,588 has been appropriated and included as anticipated revenue in the 2017-18 school district budget.

NOTE 18. 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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 19. 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 against the District that would materially affect the financial condition of the District.

NOTE 20. 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.

The Township of Mount Olive recognized revenue in the amount of \$381,068 from three payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2016 without the abatement would have been \$748,485.

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 21. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 27, 2017, 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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 63,322,510	\$ -	\$ 63,322,510	\$ 63,322,510	\$ -
Tuition charges	138,000	-	138,000	585,948	447,948
Transportation fees	5,000	-	5,000	27,238	22,238
Interest on investments	30,000	-	30,000	71,451	41,451
Interest earned on capital reserve funds	7,000	-	7,000	21,534	14,534
Sale of Property	750,000	-	750,000	660,000	(90,000)
Miscellaneous	180,500	-	180,500	391,802	211,302
Total - Local Sources	64,433,010	-	64,433,010	65,080,483	647,473
State sources:					
Categorical special education aid	2,959,145	-	2,959,145	2,959,145	-
Equalization aid	11,538,909	-	11,538,909	11,538,909	-
Categorical security aid	106,585	-	106,585	106,585	-
Transportation aid	544,347	-	544,347	544,347	-
PARCC readiness aid	44,640	-	44,640	44,640	-
Per pupil growth aid	44,640	-	44,640	44,640	-
Professional learning community aid	44,020	-	44,020	44,020	-
Extraordinary aid	-	-	-	1,182,701	1,182,701
Nonpublic transportation aid	-	-	-	24,040	24,040
TPAF on-behalf pension contribution (Non-Budgeted)	-	-	-	3,490,087	3,490,087
TPAF on-behalf post-retirement medical contribution (Non-Budgeted)	-	-	-	2,908,037	2,908,037
TPAF on-behalf long term disability insurance premium (Non-Budgeted)	-	-	-	9,430	9,430
TPAF social security contributions (Reimbursed - Non-Budgeted)	-	-	-	2,356,123	2,356,123
Total - State Sources	15,282,286	-	15,282,286	25,252,704	9,970,418
Federal sources:					
ARRA/SEMI	-	-	-	4,898	4,898
Medicaid Reimbursement	57,092	-	57,092	52,784	(4,308)
Total - Federal Sources	57,092	-	57,092	57,682	590
TOTAL REVENUES	79,772,388	-	79,772,388	90,390,869	10,618,481

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, 2017
 UNAUDITED

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT:					
Regular programs - distributed instruction:					
Salaries of teachers:					
Preschool	\$ 39,607	\$ -	\$ 39,607	39,607	\$ -
Kindergarten	521,010	9,000	530,010	529,815	195
Grades 1 - 5	7,496,477	(335,655)	7,160,822	7,101,841	58,981
Grades 6 - 8	5,359,415	(216,231)	5,143,184	5,143,022	162
Grades 9 - 12	7,660,786	(208,267)	7,452,519	7,448,890	3,629
Regular programs - home instruction:					
Salaries of teachers	22,500	6,900	29,400	29,400	-
Purchased professional - educational services	39,000	(4,145)	34,855	32,240	2,615
Regular programs - undistributed instruction:					
Other salaries for instruction	193,993	-	193,993	190,707	3,286
Purchased professional - educational services	31,500	-	31,500	31,500	-
Other purchased services	235,903	46,687	282,590	267,197	15,393
General supplies	1,665,335	135,683	1,801,018	1,705,044	95,974
Textbooks	186,665	(3,068)	183,597	77,741	105,856
Other objects	15,538	-	15,538	6,583	8,955
Total Regular Programs - Instruction	23,467,729	(569,096)	22,898,633	22,603,587	295,046
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	1,231,685	138,000	1,369,685	1,363,496	6,189
Other salaries for instruction	48,740	10,500	59,240	59,062	178
Total Learning and/or Language Disabilities	1,280,425	148,500	1,428,925	1,422,558	6,367
Behavioral disabilities:					
Salaries of teachers	236,272	3,500	239,772	239,748	24
Other salaries for instruction	85,888	53,000	138,888	138,687	201
Total Behavioral Disabilities	322,160	56,500	378,660	378,435	225

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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple disabilities:					
Salaries of teachers	\$ 300,032	\$ (5,475)	\$ 294,557	\$ 277,591	\$ 16,966
Other salaries for instruction	66,769	(23,500)	43,269	42,932	337
Other objects	200	-	200	-	200
Total Multiple Disabilities	367,001	(28,975)	338,026	320,523	17,503
Resource room/resource center:					
Salaries of teachers	2,845,881	(86,000)	2,759,881	2,758,326	1,555
Other salaries for instruction	633,317	(98,500)	534,817	531,834	2,983
General supplies	3,000	-	3,000	-	3,000
Textbooks	30,000	(30,000)	-	-	-
Total Resource Room/Resource Center	3,512,198	(214,500)	3,297,698	3,290,160	7,538
Autism:					
Salaries of teachers	224,654	(40,000)	184,654	181,629	3,025
Other salaries for instruction	177,703	-	177,703	176,949	754
Other objects	3,000	-	3,000	-	3,000
Total Autism	405,357	(40,000)	365,357	358,578	6,779
Preschool disabilities - Part-Time:					
Salaries of teachers	201,856	7,250	209,106	208,859	247
Other salaries for instruction	74,239	(7,250)	66,989	63,860	3,129
Total Preschool Disabilities - Part-Time	276,095	-	276,095	272,719	3,376
Home instruction:					
Salaries of teachers	20,000	8,025	28,025	28,012	13
Purchased professional - educational services	16,800	11,375	28,175	26,637	1,538
Other purchased services	1,200	5,175	6,375	6,343	32
Total Home Instruction	38,000	24,575	62,575	60,992	1,583
Total Special Education - Instruction	6,201,236	(53,900)	6,147,336	6,103,965	43,371

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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs:					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 643,862	\$ 33,000	\$ 676,862	\$ 675,353	\$ 1,509
General supplies	23,910	-	23,910	20,929	2,981
Total Basic Skills/Remedial - Instruction	<u>667,772</u>	<u>33,000</u>	<u>700,772</u>	<u>696,282</u>	<u>4,490</u>
Bilingual education - instruction:					
Salaries of teachers	373,915	12,500	386,415	386,235	180
Other purchased services	400	-	400	-	400
General supplies	3,672	-	3,672	1,041	2,631
Textbooks	4,000	-	4,000	-	4,000
Total Bilingual Education - Instruction	<u>381,987</u>	<u>12,500</u>	<u>394,487</u>	<u>387,276</u>	<u>7,211</u>
Total Other Instructional Programs	<u>1,049,759</u>	<u>45,500</u>	<u>1,095,259</u>	<u>1,083,558</u>	<u>11,701</u>
School sponsored other instructional programs:					
School sponsored co/extra curricular activities - instruction:					
Salaries	209,369	45,250	254,619	254,249	370
Purchased services	37,000	(7,200)	29,800	27,086	2,714
Supplies and materials	5,100	7,200	12,300	8,231	4,069
Other objects	18,360	-	18,360	17,000	1,360
Total School Sponsored Co/Extra Curricular Activities - Instruction	<u>269,829</u>	<u>45,250</u>	<u>315,079</u>	<u>306,566</u>	<u>8,513</u>
School sponsored athletics - instruction:					
Salaries	640,977	24,425	665,402	665,376	26
Purchased services	108,360	(925)	107,435	106,399	1,036
Supplies and materials	89,500	36,076	125,576	102,279	23,297
Other objects	49,000	(5,000)	44,000	24,729	19,271
Total School Sponsored Athletics - instruction	<u>887,837</u>	<u>54,576</u>	<u>942,413</u>	<u>898,783</u>	<u>43,630</u>
School sponsored before/after school programs - instruction:					
Salaries	125,000	-	125,000	47,676	77,324
Supplies and materials	2,550	3,500	6,050	4,994	1,056
Other objects	5,000	(3,500)	1,500	401	1,099
Total School Sponsored Before/After School Programs - Instruction	<u>132,550</u>	<u>-</u>	<u>132,550</u>	<u>53,071</u>	<u>79,479</u>
Total School Sponsored Other Instructional Programs	<u>1,290,216</u>	<u>99,826</u>	<u>1,390,042</u>	<u>1,258,420</u>	<u>131,622</u>

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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL DISTRIBUTED EXPENDITURES	\$ 32,008,940	\$ (477,670)	\$ 31,531,270	\$ 31,049,530	\$ 481,740
UNDISTRIBUTED EXPENDITURES:					
Instruction:					
Tuition to other LEAs within the state - regular	-	5,266	5,266	5,265	1
Tuition to other LEAs within the state - special	155,828	(11,991)	143,837	129,432	14,405
Tuition to county vocational school districts - regular	610,700	26,300	637,000	623,761	13,239
Tuition to county vocational school districts - special	50,000	(20,400)	29,600	29,576	24
Tuition to CSSSD and regional day schools	314,492	-	314,492	297,676	16,816
Tuition to private schools for the disabled - within state	1,678,884	(290,094)	1,388,790	1,388,787	3
Tuition - state facilities	32,306	-	32,306	32,306	-
Tuition - other	13,862	5,319	19,181	19,181	-
Total Undistributed Expenditures - Instruction	<u>2,856,072</u>	<u>(285,600)</u>	<u>2,570,472</u>	<u>2,525,984</u>	<u>44,488</u>
Health services:					
Salaries	652,473	28,500	680,973	680,379	594
Purchased professional and technical services	60,725	675	61,400	48,737	12,663
Other purchased services	5,223	-	5,223	2,758	2,465
Supplies and materials	35,275	-	35,275	32,028	3,247
Total Health Services	<u>753,696</u>	<u>29,175</u>	<u>782,871</u>	<u>763,902</u>	<u>18,969</u>
Other support services - students - related services:					
Salaries	1,135,313	(106,400)	1,028,913	985,216	43,697
Purchased professional - educational services	288,811	35,700	324,511	299,360	25,151
Other objects	460	-	460	-	460
Total Other Support Services - Students - Related Services	<u>1,424,584</u>	<u>(70,700)</u>	<u>1,353,884</u>	<u>1,284,576</u>	<u>69,308</u>
Other support services - students - extraordinary services:					
Salaries	890,520	151,400	1,041,920	1,012,137	29,783
Purchased professional - educational services	218,315	-	218,315	194,682	23,633
Total Other Support Services - Students - Extra. Serv.	<u>1,108,835</u>	<u>151,400</u>	<u>1,260,235</u>	<u>1,206,819</u>	<u>53,416</u>

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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - students - regular:					
Salaries of other professional staff	\$ 1,330,458	\$ (26,800)	\$ 1,303,658	\$ 1,256,238	\$ 47,420
Salaries of secretarial and clerical assistants	83,112	500	83,612	83,200	412
Other purchased professional and technical services	23,700	10,250	33,950	33,456	494
Other purchased services	46,201	20,750	66,951	65,941	1,010
Supplies and materials	22,578	(6,500)	16,078	8,586	7,492
Other objects	3,000	-	3,000	2,614	386
Total Other Support Services - Students - Regular	1,509,049	(1,800)	1,507,249	1,450,035	57,214
Other support services - students - special:					
Salaries of other professional staff	1,443,367	(21,000)	1,422,367	1,379,448	42,919
Salaries of secretarial and clerical assistants	240,517	-	240,517	239,974	543
Purchased professional - educational services	72,000	-	72,000	71,859	141
Other purchased professional and technical services	31,959	-	31,959	24,920	7,039
Miscellaneous purchased services	9,000	-	9,000	8,028	972
Supplies and materials	9,000	6,429	15,429	14,947	482
Total Other Support Services - Students - Special	1,805,843	(14,571)	1,791,272	1,739,176	52,096
Improvement of instructional services:					
Salaries of supervisors of instruction	711,590	9,800	721,390	721,385	5
Salaries of other professional staff	60,000	(18,900)	41,100	40,998	102
Salaries of secretarial and clerical assistants	233,478	4,900	238,378	238,375	3
Other purchased professional and technical services	1,800	-	1,800	-	1,800
Other purchased services	23,906	-	23,906	16,249	7,657
Supplies and materials	16,500	-	16,500	9,440	7,060
Other objects	6,000	-	6,000	4,166	1,834
Total Improvement of Instruction Services	1,053,274	(4,200)	1,049,074	1,030,613	18,461

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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational media services/school library:					
Salaries	\$ 415,328	\$ -	\$ 415,328	\$ 403,339	\$ 11,989
Other purchased services	63,500	-	63,500	45,951	17,549
Supplies and materials	103,486	9,266	112,752	103,608	9,144
Total Educational Media Services/School Library	582,314	9,266	591,580	552,898	38,682
Instructional staff training services:					
Salaries of other professional staff	20,000	-	20,000	10,410	9,590
Purchased professional - educational services	8,700	290	8,990	7,100	1,890
Other purchased services	23,400	1,600	25,000	17,060	7,940
Supplies and materials	10,200	-	10,200	8,208	1,992
Other objects	1,500	-	1,500	-	1,500
Total Instructional Staff Training Services	63,800	1,890	65,690	42,778	22,912
Support services - general administration:					
Salaries	473,539	1,675	475,214	475,194	20
Legal services	150,000	(2,175)	147,825	146,822	1,003
Audit fees	32,000	-	32,000	31,775	225
Other purchased professional services	23,750	27,095	50,845	50,845	-
Communications/telephone	213,690	71,075	284,765	284,739	26
BOE other purchased services	4,500	3,500	8,000	7,915	85
Other purchased services	426,038	(53,958)	372,080	366,965	5,115
General supplies	9,180	169	9,349	7,453	1,896
Judgements against the school district	12,500	67,500	80,000	80,000	-
Miscellaneous expenditures	12,500	3,000	15,500	12,748	2,752
BOE membership dues and fees	27,700	-	27,700	26,752	948
Total Support Services - General Administration	1,385,397	117,881	1,503,278	1,491,208	12,070

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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - school administration:					
Salaries of principals/assistant principals	\$ 1,587,998	\$ 6,300	\$ 1,594,298	\$ 1,594,297	\$ 1
Salaries of other professional staff	973,317	21,475	994,792	994,779	13
Salaries of secretarial and clerical assistants	694,053	6,878	700,931	700,892	39
Other purchased services	14,700	-	14,700	10,482	4,218
Supplies and materials	89,898	(3,928)	85,970	82,762	3,208
Other objects	31,115	6,150	37,265	37,006	259
Total Support Services - School Administration	3,391,081	36,875	3,427,956	3,420,218	7,738
Central services:					
Salaries	498,697	23,863	522,560	522,038	522
Unused vacation payments to terminated/retired staff	-	15,296	15,296	15,294	2
Miscellaneous purchased services	88,300	41,925	130,225	130,197	28
Supplies and materials	13,515	-	13,515	13,263	252
Miscellaneous expenditures	1,600	-	1,600	1,504	96
Total Central Services	602,112	81,084	683,196	682,296	900
Administrative information technology:					
Salaries	514,316	45,000	559,316	550,615	8,701
Other purchased services	362,544	26,075	388,619	335,701	52,918
Supplies and materials	38,490	15,552	54,042	38,181	15,861
Other objects	3,500	-	3,500	525	2,975
Total Administrative Information Technology	918,850	86,627	1,005,477	925,022	80,455
Required maintenance for school facilities:					
Salaries	204,845	1,425	206,270	206,267	3
Cleaning, repair and maintenance services	500,013	546,045	1,046,058	568,548	477,510
General supplies	241,780	162,000	403,780	334,720	69,060
Other objects	6,840	-	6,840	3,589	3,251
Total Required Maintenance for School Facilities	953,478	709,470	1,662,948	1,113,124	549,824

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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial services:					
Salaries	\$ 3,067,332	\$ 84,700	\$ 3,152,032	\$ 3,147,642	\$ 4,390
Salaries of non-instructional aides	348,561	24,800	373,361	373,129	232
Unused vacation payments to terminated/retired staff	-	5,268	5,268	5,267	1
Purchased professional and technical services	55,000	30,000	85,000	55,580	29,420
Cleaning, repair and maintenance services	202,857	70,220	273,077	272,908	169
Rental of land and buildings other than lease purchase	-	4,000	4,000	4,000	-
Other purchased property services	415,565	14,625	430,190	429,998	192
Insurance	175,225	-	175,225	175,000	225
Miscellaneous purchased services	5,600	10,675	16,275	16,227	48
General supplies	358,632	343,590	702,222	650,105	52,117
Energy (natural gas)	570,000	(125,000)	445,000	408,083	36,917
Energy (electricity)	1,092,000	(105,500)	986,500	985,315	1,185
Energy (oil)	8,843	-	8,843	3,892	4,951
Energy (gasoline)	50,000	(20,000)	30,000	28,746	1,254
Other objects	3,750	-	3,750	2,495	1,255
Total Custodial Services	6,353,365	337,378	6,690,743	6,558,387	132,356
Care and upkeep of grounds:					
Salaries	311,707	(1,425)	310,282	295,379	14,903
Purchased professional and technical services	5,000	(4,500)	500	-	500
Cleaning, repair and maintenance services	161,800	291,300	453,100	197,756	255,344
General supplies	148,460	(7,630)	140,830	140,717	113
Total Care and Upkeep of Grounds	626,967	277,745	904,712	633,852	270,860
Security:					
Salaries	118,248	13,355	131,603	131,571	32
Purchased professional and technical services	27,500	24,500	52,000	51,951	49
General supplies	70,855	5,000	75,855	72,797	3,058
Total Security	216,603	42,855	259,458	256,319	3,139
Total Operation and Maintenance of Plant Services	8,150,413	1,367,448	9,517,861	8,561,682	956,179

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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services:					
Salaries of non-instructional aides	\$ 175,126	\$ 9,925	\$ 185,051	\$ 185,036	\$ 15
Salaries for pupil trans. (between home & school) - regular	1,808,241	107,000	1,915,241	1,915,154	87
Salaries for pupil trans. (between home & school) - special ed.	355,276	26,475	381,751	381,729	22
Salaries for pupil trans. (other than between home & school)	160,000	(11,400)	148,600	138,759	9,841
Salaries for pupil trans. (between home & school) - nonpublic	94,002	1,500	95,502	95,498	4
Unused vacation payments to terminated/retired staff	-	18,283	18,283	18,283	-
Management fees - ESC & CTSA transportation programs	24,478	8,000	32,478	29,034	3,444
Cleaning, repair and maintenance services	73,250	27,000	100,250	99,926	324
Lease purchase payments - school buses	324,773	-	324,773	324,686	87
Contracted services - aid in lieu payments - nonpublic schools	66,300	6,714	73,014	72,660	354
Contracted services - aid in lieu payments - charter schools	5,304	-	5,304	5,304	-
Contracted services - aid in lieu payments - choice schools	6,188	3,701	9,889	9,876	13
Contracted services (other than bet. home & school) - vendors	12,240	31,500	43,740	43,231	509
Contracted services (between home & school) - joint agreements	6,700	2,200	8,900	8,742	158
Contracted services (special ed. students) - vendors	26,040	700	26,740	25,755	985
Contracted services (regular students) - ESCs & CTSA	129,950	145,000	274,950	266,953	7,997
Contracted services (special ed. students) - ESCs & CTSA	617,000	(110,900)	506,100	501,564	4,536
Miscellaneous purchased services	121,819	10,000	131,819	125,562	6,257
Fuel and general supplies	337,000	(148,436)	188,564	184,016	4,548
Transportation supplies	365,440	(1,100)	364,340	357,067	7,273
Miscellaneous expenditures	1,824	-	1,824	1,086	738
Total Student Transportation Services	4,710,951	126,162	4,837,113	4,789,921	47,192
Unallocated employee benefits:					
Social security contributions	1,145,000	-	1,145,000	1,115,399	29,601
Other retirement contributions - PERS	1,235,000	-	1,235,000	1,181,928	53,072
Other retirement contributions - regular	75,000	-	75,000	70,683	4,317
Unemployment compensation	33,000	(33,000)	-	-	-
Workers compensation	787,650	17,921	805,571	793,571	12,000
Health benefits	13,021,549	(1,666,638)	11,354,911	10,689,524	665,387
Tuition reimbursement	275,000	(15,500)	259,500	218,273	41,227
Other employee benefits	465,029	15,500	480,529	479,539	990
Unused sick payments to terminated/retired staff	250,000	(36,210)	213,790	47,741	166,049
Total Unallocated Benefits - Employee Benefits	17,287,228	(1,717,927)	15,569,301	14,596,658	972,643

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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf payments:					
TPAF on-behalf pension contribution (Non-Budgeted)	\$ -	\$ -	\$ -	\$ 3,490,087	\$ (3,490,087)
TPAF on-behalf post-retirement medical contribution (Non-Budgeted)	-	-	-	2,908,037	(2,908,037)
TPAF on-behalf long term disability insurance premium (Non-Budgeted)	-	-	-	9,430	(9,430)
TPAF social security contributions (Reimbursed - Non-Budgeted)	-	-	-	2,356,123	(2,356,123)
Total On-behalf Payments	-	-	-	8,763,677	(8,763,677)
TOTAL UNDISTRIBUTED EXPENDITURES	47,603,499	(86,990)	47,516,509	53,827,463	(6,310,954)
TOTAL EXPENDITURES - CURRENT	79,612,439	(564,660)	79,047,779	84,876,993	(5,829,214)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 1 - 5	68,000	250	68,250	62,464	5,786
Grades 6 - 8	4,000	74,947	78,947	69,536	9,411
Grades 9 - 12	188,956	(58,313)	130,643	99,662	30,981
Other instructional programs:					
School sponsored athletics	-	67,630	67,630	67,613	17
Undistributed expenditures:					
Support services - instructional staff	10,000	(6,725)	3,275	2,082	1,193
School administration	12,000	(4,200)	7,800	3,456	4,344
Information technology services	243,900	(231,301)	12,599	12,199	400
Required maintenance for school facilities	59,632	2,393	62,025	62,022	3
Custodial services	44,800	206,077	250,877	193,970	56,907
Care and upkeep of grounds	10,850	-	10,850	10,300	550
Security services	20,000	2,600	22,600	22,581	19
Student transportation services - non-instructional equipment	129,900	(59,700)	70,200	43,292	26,908
School buses - regular	-	478,000	478,000	111,000	367,000
Total Equipment	792,038	471,658	1,263,696	760,177	503,519

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, 2017
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities acquisition and construction services:					
Architectural and engineering services	\$ 101,200	\$ 315,315	\$ 416,515	\$ 371,065	\$ 45,450
Other professional services	-	12,003	12,003	12,002	1
Construction services	1,555,000	746,762	2,301,762	1,748,568	553,194
Buildings other than lease purchase agreements	750,000	(476,266)	273,734	-	273,734
Assessment for debt service on SDA funding	128,241	-	128,241	128,241	-
Total Facilities Acquisition and Construction Services:	<u>2,534,441</u>	<u>597,814</u>	<u>3,132,255</u>	<u>2,259,876</u>	<u>872,379</u>
Assets acquired under capital leases (non-budgeted):					
Pupil transportation	-	-	-	466,000	(466,000)
Total Assets Acquired Under Capital Leases (non-budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,000</u>	<u>(466,000)</u>
TOTAL CAPITAL OUTLAY	<u>3,326,479</u>	<u>1,069,472</u>	<u>4,395,951</u>	<u>3,486,053</u>	<u>909,898</u>
CHARTER SCHOOL:					
Allocation of funds to charter school	113,313	-	113,313	95,706	17,607
Total Charter School	<u>113,313</u>	<u>-</u>	<u>113,313</u>	<u>95,706</u>	<u>17,607</u>
TOTAL EXPENDITURES	<u>83,052,231</u>	<u>504,812</u>	<u>83,557,043</u>	<u>88,458,752</u>	<u>(4,901,709)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,279,843)</u>	<u>(504,812)</u>	<u>(3,784,655)</u>	<u>1,932,117</u>	<u>(5,716,772)</u>
OTHER FINANCING SOURCES (USES):					
Capital Leases (Non-budgeted)		-	-	466,000	(466,000)
Transfers In:					
Transfer from Special Revenue Fund	-	-	-	9,352	(9,352)
Transfer from Capital Projects Fund	-	-	-	1,058,800	(1,058,800)
Transfers Out:					
Capital Reserve - Transfer to Capital Projects	(2,461,400)	-	(2,461,400)	(2,461,400)	-
Capital Outlay - Transfer to Capital Projects	-	(1,307)	(1,307)	(1,307)	-
Transfer to Special Revenue Fund	-	(2,417)	(2,417)	(2,416)	(1)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,461,400)</u>	<u>(3,724)</u>	<u>(2,465,124)</u>	<u>(930,971)</u>	<u>(1,534,153)</u>

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, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(5,741,243)	(508,536)	(6,249,779)	1,001,146	(7,250,925)
FUND BALANCE, July 1	14,139,873	-	14,139,873	14,139,873	-
FUND BALANCE, June 30	<u>\$ 8,398,630</u>	<u>\$ (508,536)</u>	<u>\$ 7,890,094</u>	<u>\$ 15,141,019</u>	<u>\$ (7,250,925)</u>

**Recapitulation of excess (deficiency) of revenues and other financing
sources (uses) over (under) expenditures:**

Adjustment for prior year encumbrances	\$ -	\$ (508,536)	\$ (508,536)	\$ (508,536)	\$ -
Budgeted fund balance	(3,286,843)	-	(3,286,843)	1,949,548	(5,236,391)
Budgeted withdrawal from capital reserve	(2,461,400)	-	(2,461,400)	(2,461,400)	-
Increase in capital reserve:					
Principal	-	-	-	2,000,000	(2,000,000)
Interest	7,000	-	7,000	21,534	(14,534)
	<u>\$ (5,741,243)</u>	<u>\$ (508,536)</u>	<u>\$ (6,249,779)</u>	<u>\$ 1,001,146</u>	<u>\$ (7,250,925)</u>

Recapitulation of Balances:

Restricted Fund Balance:					
Capital reserve				\$ 5,983,467	
Excess surplus - current year				1,015,483	
Excess surplus - designated for subsequent year's expenditures				2,191,019	
Committed Fund Balance:					
Year-end encumbrances				849,781	
Assigned Fund Balance:					
Year-end encumbrances				1,177,264	
ARRA/SEMI - designated for subsequent year's expenditures				4,898	
Unreserved - designated for subsequent year's expenditures - fund balance appropriated				1,078,530	
Unassigned Fund Balance				<u>2,840,577</u>	
				15,141,019	
Reconciliation to Governmental Funds Statements (GAAP):					
Last state aid payment not recognized on GAAP basis				<u>(1,476,733)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 13,664,286</u>	

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, 2017
 UNAUDITED

C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 1,227,408	\$ 268,836	\$ 1,496,244	\$ 1,402,583	\$ 93,661
Local sources	-	-	-	9,352	(9,352)
TOTAL REVENUES	<u>\$ 1,227,408</u>	<u>\$ 268,836</u>	<u>\$ 1,496,244</u>	<u>\$ 1,411,935</u>	<u>\$ 84,309</u>
EXPENDITURES:					
Instruction:					
Personal services - salaries	\$ 687,996	\$ 7,619	\$ 695,615	\$ 670,539	\$ 25,076
Other purchased services	28,900	(17,187)	11,713	11,313	400
General supplies	116,392	1,698	118,090	100,580	17,510
Other objects	-	2,970	2,970	2,970	-
Total Instruction	<u>833,288</u>	<u>(4,900)</u>	<u>828,388</u>	<u>785,402</u>	<u>42,986</u>
Support Services:					
Personal services - salaries	40,210	50,178	90,388	89,359	1,029
Personal services - employee benefits	51,948	81,697	133,645	127,519	6,126
Purchased professional educational and technical services	224,213	116,596	340,809	325,646	15,163
Other purchased services	8,500	45,559	54,059	43,262	10,797
Supplies and materials	69,249	(24,876)	44,373	26,814	17,559
Total Support Services	<u>394,120</u>	<u>269,154</u>	<u>663,274</u>	<u>612,600</u>	<u>50,674</u>
Facilities Acquisition and Construction Services:					
Instructional equipment	-	4,582	4,582	4,581	1
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>4,582</u>	<u>4,582</u>	<u>4,581</u>	<u>1</u>
TOTAL EXPENDITURES	<u>1,227,408</u>	<u>268,836</u>	<u>1,496,244</u>	<u>1,402,583</u>	<u>93,661</u>
OTHER FINANCING SOURCES (USES)					
Transfers In:					
Transfer from General Fund	-	-	-	2,416	2,416
Transfers Out:					
Transfer to General Fund	-	-	-	(9,352)	(9,352)
Cancellation of Prior Year Receivable	-	-	-	(2,416)	(2,416)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,352)</u>	<u>(9,352)</u>
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ 1,227,408</u>	<u>\$ 268,836</u>	<u>\$ 1,496,244</u>	<u>\$ 1,411,935</u>	<u>\$ 84,309</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, 2017
 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	\$ 90,390,869	\$ 1,411,935
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, 2016	-	39,893
Outstanding encumbrances at June 30, 2017	-	(39,449)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
State aid receivable at June 30, 2016	1,482,295	-
State aid receivable at June 30, 2017	(1,476,733)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 90,396,431	\$ 1,412,379
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 88,458,752	\$ 1,402,583
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, 2016	-	39,893
Outstanding encumbrances at June 30, 2017	-	(39,449)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 88,458,752	\$ 1,403,027

REQUIRED SUPPLEMENTARY INFORMATION – PART III

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST FOUR FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
District's proportion of the net pension liability	0.1340415896%	0.1362101705%	0.1355951931%	0.1315875501%
District's proportionate share of the net pension liability	\$ 25,618,011	\$ 25,502,269	\$ 30,438,404	\$ 38,972,458
District's covered employee payroll	\$ 9,346,538	\$ 8,887,622	\$ 9,003,821	\$ 9,124,395
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	274.09%	286.94%	338.06%	427.12%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	40.14%

Note: 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 CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST FOUR FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
Contractually required contribution	\$ 1,009,976	\$ 1,122,897	\$ 1,165,755	\$ 1,175,092
Contributions in relation to the contractually required contribution	<u>(1,009,976)</u>	<u>(1,122,897)</u>	<u>(1,165,755)</u>	<u>(1,175,092)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 9,346,538	\$ 8,887,622	\$ 9,003,821	\$ 9,124,395
Contributions as a percentage of covered employee payroll	10.81%	12.63%	12.95%	12.88%

Note: 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 FOUR FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.3162441010%	0.3049831893%	0.3090236578%	0.3120044643%
State's proportionate share of the net pension liability attributable to the District	\$ 159,827,281	\$ 163,003,589	\$ 195,316,148	\$ 245,442,577
District's covered employee payroll	\$ 31,028,567	\$ 31,174,125	\$ 32,178,744	\$ 32,708,076
State's proportionate share of the net pension liability as a percentage of the District's covered employee payroll	515.10%	522.88%	606.97%	750.40%
District's proportion of the net pension liability	-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%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART III

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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 and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

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 and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.13% to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than 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, 2017

	Title I Part A	Title II Part A	Title III	Title III Immigrant	IDEA Part B Basic	IDEA Part B Preschool
REVENUES:						
Federal sources	\$ 214,595	\$ 80,449	\$ 11,847	\$ 14,834	\$ 1,023,433	\$ 40,351
Local sources	-	-	-	-	-	-
TOTAL REVENUES	\$ 214,595	\$ 80,449	\$ 11,847	\$ 14,834	\$ 1,023,433	\$ 40,351
EXPENDITURES:						
Instruction:						
Personal services - salaries	\$ 153,772	\$ -	\$ -	\$ 4,224	\$ 490,211	\$ 22,332
Other purchased services	-	-	-	-	11,313	-
General supplies	3,259	-	11,847	3,936	53,755	12,647
Other objects	-	-	-	2,970	-	-
Total Instruction	157,031	-	11,847	11,130	555,279	34,979
Support Services:						
Personal services - salaries	-	-	-	3,141	84,418	-
Personal services - employee benefits	57,564	-	-	563	67,546	1,708
Purchased prof. educational and technical services	-	45,300	-	-	276,682	3,664
Other purchased services	-	29,203	-	-	14,059	-
Supplies and materials	-	5,946	-	-	20,868	-
Total Support Services	57,564	80,449	-	3,704	463,573	5,372
Facilities Acquisition and Construction Services:						
Instructional equipment	-	-	-	-	4,581	-
Total Facilities Acquisition and Construction Services	-	-	-	-	4,581	-
TOTAL EXPENDITURES	214,595	80,449	11,847	14,834	1,023,433	40,351
OTHER FINANCING SOURCES (USES)						
Transfers In:						
Transfer from General Fund	-	-	-	-	-	-
Transfers Out:						
Transfer to General Fund	-	-	-	-	-	-
Cancellation of Prior Year Receivable	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)	\$ 214,595	\$ 80,449	\$ 11,847	\$ 14,834	\$ 1,023,433	\$ 40,351

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Carl D. Perkins Career and Technical Education Grant	BCEE Learn More Earn More Program	NJPAA Project Create	CTEP Marketing Model Pilot Program	Total
REVENUES:					
Federal sources	\$ 17,074	\$ -	\$ -	\$ -	\$ 1,402,583
Local sources	-	7,881	1,471	-	9,352
TOTAL REVENUES	\$ 17,074	\$ 7,881	\$ 1,471	\$ -	\$ 1,411,935
EXPENDITURES:					
Instruction:					
Personal services - salaries	\$ -	\$ -	\$ -	\$ -	\$ 670,539
Other purchased services	-	-	-	-	11,313
General supplies	15,136	-	-	-	100,580
Other objects	-	-	-	-	2,970
Total Instruction	15,136	-	-	-	785,402
Support Services:					
Personal services - salaries	1,800	-	-	-	89,359
Personal services - employee benefits	138	-	-	-	127,519
Purchased professional educational and technical services	-	-	-	-	325,646
Other purchased services	-	-	-	-	43,262
Supplies and materials	-	-	-	-	26,814
Total Support Services	1,938	-	-	-	612,600
Facilities Acquisition and Construction Services:					
Instructional equipment	-	-	-	-	4,581
Total Facilities Acquisition and Construction Services	-	-	-	-	4,581
TOTAL EXPENDITURES	17,074	-	-	-	1,402,583
OTHER FINANCING SOURCES (USES)					
Transfers In:					
Transfer from General Fund	-	-	-	2,416	2,416
Transfers Out:					
Transfer to General Fund	-	7,881	1,471	-	9,352
Cancellation of Prior Year Receivable	-	-	-	(2,416)	(2,416)
TOTAL OTHER FINANCING SOURCES (USES)	-	7,881	1,471	-	9,352
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)	\$ 17,074	\$ 7,881	\$ 1,471	\$ -	\$ 1,411,935

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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, 2017

Year	Project Title	Appropriation	GAAP Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
2016	Mt. Olive High School Maker Space/Recording Studio Project	\$ 3,001,307	\$ 2,399,088	\$ 602,219	\$ -
2016	Mt. Olive High School Turf Field	513,165	-	513,165	-
2016	Sandshore Road Elementary School Window Replacement Project	389,000	-	389,000	-
2016	Mt. Olive Middle School Tennis Courts	274,550	-	274,550	-
2016	Mt. Olive High School Exterior Walls	225,885	-	225,885	-
		<u>\$ 4,403,907</u>	<u>\$ 2,399,088</u>	<u>\$ 2,004,819</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, 2017

REVENUES AND OTHER FINANCING SOURCES:	
Transfer from capital reserve	\$ 2,461,400
Transfer from capital outlay	1,307
	2,462,707
TOTAL REVENUES AND OTHER FINANCING SOURCES	
	2,462,707
EXPENDITURES AND OTHER FINANCING USES:	
Equipment	192,753
Construction services	1,812,066
Transfer to General Fund	1,058,800
	3,063,619
TOTAL EXPENDITURES AND OTHER FINANCING USES	
	3,063,619
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	
	(600,912)
FUND BALANCE, July 1	
	600,912
FUND BALANCE, June 30	
	\$ -

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 MOUNT OLIVE HIGH SCHOOL - MAKER SPACE/RECORDING STUDIO PROJECT
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 3,000,000
Transfer from capital outlay	-	1,307	1,307	1,307
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,000,000	1,307	3,001,307	3,001,307
EXPENDITURES AND OTHER FINANCING USES:				
Equipment	171,332	192,753	364,085	364,085
Purchased professional and technical services	15,284	-	15,284	15,284
Construction services	2,212,472	409,466	2,621,938	2,621,938
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,399,088	602,219	3,001,307	3,001,307
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 600,912	\$ (600,912)	\$ -	\$ -
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	\$ 3,000,000			
Additional authorized cost	1,307			
Revised authorized cost	\$ 3,001,307			
Percentage increase over original authorized cost	0.04%			
Percentage completion	100.00%			
Original target completion date	Sep-16			
Revised target completion date	Sep-16			

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 MOUNT OLIVE HIGH SCHOOL - TURF FIELD
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 523,165	\$ 523,165	\$ 513,165
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	523,165	523,165	513,165
EXPENDITURES AND OTHER FINANCING USES:				
Construction services	-	513,165	513,165	513,165
Transfer to General Fund	-	10,000	10,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	523,165	523,165	513,165
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ -	\$ -
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	\$ 523,165			
Additional authorized cost	(10,000)			
Revised authorized cost	\$ 513,165			
Percentage increase over original authorized cost	-1.91%			
Percentage completion	100.00%			
Original target completion date	Sep-16			
Revised target completion date	Oct-16			

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 SANDSHORE ELEMENTARY SCHOOL - WINDOW REPLACEMENT PROJECT
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 389,000	\$ 389,000	\$ 389,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	389,000	389,000	389,000
EXPENDITURES AND OTHER FINANCING USES:				
Construction services	-	389,000	389,000	389,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	389,000	389,000	389,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ -	\$ -

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	\$ 389,000
Additional authorized cost	-
Revised authorized cost	\$ 389,000
Percentage increase over original authorized cost	0.00%
Percentage completion	100.00%
Original target completion date	Sep-16
Revised target completion date	Jan-17

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 MOUNT OLIVE MIDDLE SCHOOL - TENNIS COURTS
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 289,550	\$ 289,550	\$ 274,550
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	289,550	289,550	274,550
EXPENDITURES AND OTHER FINANCING USES:				
Construction services	-	274,550	274,550	274,550
Transfer to General Fund	-	15,000	15,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	289,550	289,550	274,550
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	\$ -	\$ -	\$ -	\$ -
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	\$ 289,550			
Additional authorized cost	(15,000)			
Revised authorized cost	\$ 274,550			
Percentage increase over original authorized cost	-5.18%			
Percentage completion	100.00%			
Original target completion date	Sep-16			
Revised target completion date	Nov-16			

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 MOUNT OLIVE HIGH SCHOOL - EXTERIOR WALLS PROJECT
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 225,885	\$ 225,885	\$ 225,885
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	225,885	225,885	225,885
EXPENDITURES AND OTHER FINANCING USES:				
Construction services	-	225,885	225,885	225,885
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	225,885	225,885	225,885
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ -	\$ -

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	\$ 225,885
Additional authorized cost	-
Revised authorized cost	\$ 225,885
Percentage increase over original authorized cost	0.00%
Percentage completion	100.00%
Original target completion date	Sep-16
Revised target completion date	Oct-16

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 MOUNT OLIVE HIGH SCHOOL - WINDOW REPLACEMENT PROJECT
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 500,000	\$ 500,000	\$ -
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	500,000	500,000	-
EXPENDITURES AND OTHER FINANCING USES:				
Transfer to General Fund	-	500,000	500,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	500,000	500,000	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ 500,000
Additional authorized cost *	(500,000)
Revised authorized cost	\$ -
Percentage increase over original authorized cost	-100.00%
Percentage completion	not applicable
Original target completion date	not applicable
Revised target completion date	not applicable

* project abandoned

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 CHESTER M. STEPHENS ELEMENTARY SCHOOL - TOILET ROOM PROJECT
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 200,000	\$ 200,000	\$ -
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	200,000	200,000	-
EXPENDITURES AND OTHER FINANCING USES:				
Transfer to General Fund	-	200,000	200,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	200,000	200,000	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ 200,000
Additional authorized cost *	(200,000)
Revised authorized cost	\$ -
Percentage increase over original authorized cost	-100.00%
Percentage completion	not applicable
Original target completion date	not applicable
Revised target completion date	not applicable

* project abandoned

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 MOUNT OLIVE HIGH SCHOOL - HVAC UPGRADE
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 333,800	\$ 333,800	\$ -
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	333,800	333,800	-
EXPENDITURES AND OTHER FINANCING USES:				
Transfer to General Fund	-	333,800	333,800	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	333,800	333,800	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ 333,800
Additional authorized cost *	(333,800)
Revised authorized cost	\$ -
Percentage increase over original authorized cost	-100.00%
Percentage completion	not applicable
Original target completion date	not applicable
Revised target completion date	not applicable

* project abandoned

**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 the operation of food services in all schools within the District.

Summer Programs – This fund accounts for the operation of the District’s summer school and summer STEM camp programs.

Property Rentals - This fund accounts for the operations of 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, 2017

	Food Services	2016 Summer Programs Summer School STEM Camp		Property Rentals	Totals
ASSETS:					
CURRENT ASSETS:					
Cash and cash equivalents	\$302,198	\$ 24,718	\$ 94,045	\$ 233,678	\$ 654,639
Restricted cash and cash equivalents	-	-	-	4,939	4,939
Accounts receivable:					
State	650	-	-	-	650
Federal	21,534	-	-	-	21,534
Other	3,803	-	-	3,095	6,898
Interfund receivable	-	-	200	-	200
Prepaid expenses	9,134	-	-	-	9,134
Inventories	23,228	-	-	-	23,228
Total Current Assets	360,547	24,718	94,245	241,712	721,222
NONCURRENT ASSETS:					
Capital assets	435,295	-	-	1,700,000	2,135,295
Less: accumulated depreciation	386,987	-	-	54,976	441,963
Total Noncurrent Assets	48,308	-	-	1,645,024	1,693,332
TOTAL ASSETS	408,855	24,718	94,245	1,886,736	2,414,554
LIABILITIES:					
Accounts payable	89,946	-	-	2,494	92,440
Unearned revenue	12,077	12,442	94,177	5,651	124,347
Deposits payable	-	-	-	4,939	4,939
Capital leases payable	-	-	-	1,550,044	1,550,044
Accrued interest payable	-	-	-	70,352	70,352
TOTAL LIABILITIES	102,023	12,442	94,177	1,633,480	1,842,122
NET POSITION:					
Invested in capital assets, net of related debt	48,308	-	-	94,980	143,288
Unrestricted	258,524	12,276	68	158,276	429,144
TOTAL NET POSITION	\$306,832	\$ 12,276	\$ 68	\$ 253,256	\$ 572,432

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Food Services	2016 Summer Programs		Property Rentals	Totals
		Summer School	STEM Camp		
OPERATING REVENUES:					
Charges for services:					
Daily sales - reimbursable programs	\$ 721,023	\$ -	\$ -	\$ -	\$ 721,023
Daily sales - non-reimbursable programs	8,359	-	-	-	8,359
Rental income	-	-	-	374,478	374,478
Tuition	-	34,507	94,729	-	129,236
Total Operating Revenues	729,382	34,507	94,729	374,478	1,233,096
OPERATING EXPENSES:					
Salaries and other personnel costs	368,182	38,607	52,751	-	459,540
Payroll taxes and employee benefits	81,221	2,953	4,035	-	88,209
Management fees	45,450	-	-	12,000	57,450
Cost of sales - reimbursable programs	308,557	-	-	-	308,557
Cost of sales - non-reimbursable programs	90,395	-	-	-	90,395
Supplies and materials	45,036	-	30,364	-	75,400
Depreciation	4,584	-	-	34,000	38,584
Maintenance and repairs	4,896	-	-	38,107	43,003
Real estate taxes	-	-	-	49,968	49,968
Utilities	-	-	-	39,526	39,526
Interest expense	-	-	-	70,352	70,352
Other expenses	39,778	-	16,699	685	57,162
Total Operating Expenses	988,099	41,560	103,849	244,638	1,378,146
OPERATING INCOME (LOSS)	(258,717)	(7,053)	(9,120)	129,840	(145,050)
NON-OPERATING REVENUES:					
State sources:					
State school lunch program	8,025	-	-	-	8,025
Federal sources:					
School breakfast program	25,582	-	-	-	25,582
National school lunch program	240,495	-	-	-	240,495
After school snack program	641	-	-	-	641
Special milk program	1,524	-	-	-	1,524
Food donation program	54,742	-	-	-	54,742
Interest income	1,472	90	341	-	1,903
Other income	433	-	-	-	433
Total Non-Operating Revenues	332,914	90	341	-	333,345
Change in net position	74,197	(6,963)	(8,779)	129,840	188,295
Total net position - beginning	232,635	19,239	8,847	123,416	384,137
Total net position - ending	\$ 306,832	\$ 12,276	\$ 68	\$ 253,256	\$ 572,432

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Food Services	2016 Summer Programs		Property Rentals	Total
		Summer School	STEM Camp		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 739,542	\$ 22,952	\$ 100,521	\$ 396,830	\$ 1,259,845
Payments for employees and employee benefits	(450,058)	(41,560)	(56,786)	-	(548,404)
Payments to suppliers for goods and services	(475,450)	-	(47,063)	(158,356)	(680,869)
Net cash used in operating activities	<u>(185,966)</u>	<u>(18,608)</u>	<u>(3,328)</u>	<u>238,474</u>	<u>30,572</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State sources	7,856	-	-	-	7,856
Federal sources	262,895	-	-	-	262,895
Other income	433	-	-	-	433
Net cash provided by non-capital financing activities	<u>271,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,184</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	-	-	-	(223,906)	(223,906)
Purchase of capital assets	(7,010)	-	-	-	(7,010)
Net cash used for capital and related financing activities	<u>(7,010)</u>	<u>-</u>	<u>-</u>	<u>(223,906)</u>	<u>(230,916)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends	1,472	90	341	-	1,903
Net increase (decrease) in cash and cash equivalents	79,680	(18,518)	(2,987)	14,568	72,743
Cash and cash equivalents - beginning of year	222,518	43,236	97,032	219,110	581,896
Cash and cash equivalents - end of year	<u>\$ 302,198</u>	<u>\$ 24,718</u>	<u>\$ 94,045</u>	<u>\$ 233,678</u>	<u>\$ 654,639</u>
Reconciliation of operating loss to net cash used in operating activities:					
Operating income (loss)	\$ (258,717)	\$ (7,053)	\$ (9,120)	\$ 129,840	\$ (145,050)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation and interest expense	4,584	-	-	104,352	108,936
Food donation program	54,742	-	-	-	54,742
(Increase) decrease in accounts receivable, net	(1,917)	-	-	161	(1,756)
(Increase) decrease in interfund receivable	-	-	(200)	-	(200)
(Increase) decrease in prepaid expenses	(9,134)	-	-	-	(9,134)
(Increase) decrease in inventories	2,978	-	-	-	2,978
Increase (decrease) in accounts payable, net	14,867	-	-	(1,530)	13,337
Increase (decrease) in deferred revenue	12,077	(11,555)	5,992	5,651	12,165
Increase (decrease) in compensated absences payable	(1,446)	-	-	-	(1,446)
Increase (decrease) in interfund payable	(4,000)	-	-	-	(4,000)
Total adjustments	<u>72,751</u>	<u>(11,555)</u>	<u>5,792</u>	<u>108,634</u>	<u>175,622</u>
Net cash used in operating activities	<u>\$ (185,966)</u>	<u>\$ (18,608)</u>	<u>\$ (3,328)</u>	<u>\$ 238,474</u>	<u>\$ 30,572</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, 2017

	Agency Funds			Trust Funds		
	Student Activity	Payroll	Total Agency Funds	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust	Total Trust Funds
ASSETS:						
Cash and cash equivalents	\$ 418,425	\$ 152,053	\$ 570,478	\$ 285,514	\$ 23,978	\$ 309,492
Accounts receivable	8,618	-	8,618	-	-	-
TOTAL ASSETS	427,043	152,053	579,096	285,514	23,978	309,492
LIABILITIES:						
Accounts payable	27,027	-	27,027	21,216	-	21,216
Payroll deductions and withholdings	-	147,673	147,673	-	-	-
Interfund payable	311	4,380	4,691	-	-	-
Due to student groups	399,705	-	399,705	-	-	-
TOTAL LIABILITIES	427,043	152,053	579,096	21,216	-	21,216
NET POSITION:						
Held in trust for unemployment claims	-	-	-	264,298	-	264,298
Held in trust for medical and dependent care claims	-	-	-	-	23,978	23,978
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ 264,298	\$ 23,978	\$ 288,276

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust	Total Trust Funds
ADDITIONS:			
Contributions:			
Plan members	\$ 138,779	\$ 71,211	\$ 209,990
Total contributions	<u>138,779</u>	<u>71,211</u>	<u>209,990</u>
Investment earnings:			
Interest	1,360	106	1,466
Total investment earnings	<u>1,360</u>	<u>106</u>	<u>1,466</u>
Total additions	<u>140,139</u>	<u>71,317</u>	<u>211,456</u>
DEDUCTIONS:			
Quarterly contribution reports	58,971	-	58,971
Unemployment claims	43,370	-	43,370
Qualified medical and dependent care claims	-	69,569	69,569
Service charges	-	2,135	2,135
Total deductions	<u>102,341</u>	<u>71,704</u>	<u>174,045</u>
Change in net position	37,798	(387)	37,411
Net position-beginning of the year	226,500	24,365	250,865
Net position-end of the year	<u>\$ 264,298</u>	<u>\$ 23,978</u>	<u>\$ 288,276</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Accounts Payable/ (Receivable)	Balance June 30, 2017
ELEMENTARY SCHOOLS:					
Sandshore School	\$ 15,387	\$ 18,986	\$ 15,984	\$ (205)	\$ 18,594
Mountain View School	16,562	36,946	18,063	27	35,418
Tinc Road School	13,420	9,996	6,492	-	16,924
CMS Elementary School	22,352	30,417	27,928	454	24,387
TOTAL ELEMENTARY SCHOOLS	67,721	96,345	68,467	276	95,323
MIDDLE SCHOOL:					
Mount Olive Middle School	152,717	240,016	242,291	1,658	148,784
TOTAL MIDDLE SCHOOL	152,717	240,016	242,291	1,658	148,784
HIGH SCHOOL:					
Mount Olive High School	147,668	348,824	337,373	12,732	146,387
Athletic Account	22,393	123,955	135,991	1,146	9,211
TOTAL HIGH SCHOOL	170,061	472,779	473,364	13,878	155,598
TOTAL ALL SCHOOLS	\$ 390,499	\$ 809,140	\$ 784,122	\$ 15,812	\$ 399,705

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 PAYROLL AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Payroll deductions and withholdings	\$ 12,300	\$ 35,805,715	\$ 35,669,855	\$ 148,160
Interest earnings	2,858	3,893	2,858	3,893
Total	\$ 15,158	\$ 35,809,608	\$ 35,672,713	\$ 152,053

LONG-TERM DEBT SCHEDULES

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2016	RETIRED	BALANCE JUNE 30, 2017
			DATE	AMOUNT				
Construction of Mt. Olive Middle School / Facilities Expansion Project - Refunding Bonds	10/29/14	\$ 16,740,000	1/15/2018	\$ 1,945,000	4.00%	\$ 14,905,000	\$ 1,875,000	\$ 13,030,000
			1/15/2019	2,025,000	4.00%			
			1/15/2020	2,115,000	4.00%			
			1/15/2021	2,210,000	4.00%			
			1/15/2022	2,305,000	5.00%			
			1/15/2023	2,430,000	5.00%			
Early Retirement Incentive Program - Refunding Bonds	12/20/11	1,535,000	2/1/2018	185,000	2.96%	970,000	180,000	790,000
			2/1/2019	195,000	3.18%			
			2/1/2020	200,000	3.38%			
			2/1/2021	210,000	3.48%			
Addition/Renovations to Mt. Olive High School - Refunding Bonds	09/14/06	9,100,000				30,000	30,000	-
Addition/Renovations to Mt. Olive High School - Refunding Bonds	01/04/07	9,500,000				45,000	45,000	-
Addition/Renovations to Mt. Olive High School - Refunding Bonds	05/31/12	6,175,000	7/15/2017	1,215,000	3.00%	4,880,000	1,175,000	3,705,000
			7/15/2018	1,265,000	4.00%			
			7/15/2019	1,225,000	4.00%			
Addition/Renovations to Mt. Olive High School - Refunding Bonds	04/20/16	7,540,000	7/15/2025	440,000	5.00%	7,540,000	110,000	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%	8,095,000	110,000	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%			
						<u>\$ 36,465,000</u>	<u>\$ 3,525,000</u>	<u>\$ 32,940,000</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
			Principal	Interest					
(4) 2015 30-Passenger School Buses and (1) 2015 54-Passenger School Bus	06/16/14	5 Years	\$ 552,000	\$ 22,001	1.434%	\$ 335,920	\$ -	\$110,377	\$ 225,543
(4) 2016 30-Passenger School Buses and (1) 2016 50-Passenger School Bus	08/06/15	5 Years	540,000	24,864	1.768%	434,432	-	105,757	328,675
LED Lighting Improvements at Mt. Olive Middle School	12/15/15	5 Years	370,000	19,366	1.877%	334,536	-	71,930	262,606
(4) 2017 30-Passenger School Buses	06/01/16	5 Years	466,000	21,815	1.677%	-	466,000	89,528	376,472
						<u>\$ 1,104,888</u>	<u>\$ 466,000</u>	<u>\$377,592</u>	<u>\$ 1,193,296</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 4,234,072	\$ -	\$ 4,234,072	\$ 4,234,072	\$ -
Miscellaneous	-	-	-	1,279	1,279
Total local sources	<u>4,234,072</u>	<u>-</u>	<u>4,234,072</u>	<u>4,235,351</u>	<u>1,279</u>
State sources:					
Debt service aid type II	523,933	-	523,933	523,933	-
Total state sources	<u>523,933</u>	<u>-</u>	<u>523,933</u>	<u>523,933</u>	<u>-</u>
TOTAL REVENUES	<u>4,758,005</u>	<u>-</u>	<u>4,758,005</u>	<u>4,759,284</u>	<u>1,279</u>
EXPENDITURES:					
Regular debt service:					
Interest on early retirement bonds	30,443	-	30,443	30,443	-
Interest on loans and serial bonds	1,521,683	(220,000)	1,301,683	1,296,467	5,216
Redemption of principal - early retirement bonds	180,000	-	180,000	180,000	-
Redemption of principal - loans and serial bonds	<u>3,175,000</u>	<u>220,000</u>	<u>3,395,000</u>	<u>3,395,000</u>	<u>-</u>
Total Regular Debt Service	<u>4,907,126</u>	<u>-</u>	<u>4,907,126</u>	<u>4,901,910</u>	<u>5,216</u>
TOTAL EXPENDITURES	<u>4,907,126</u>	<u>-</u>	<u>4,907,126</u>	<u>4,901,910</u>	<u>5,216</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(149,121)</u>	<u>-</u>	<u>(149,121)</u>	<u>(142,626)</u>	<u>6,495</u>
FUND BALANCE, July 1	153,709	-	153,709	153,709	-
FUND BALANCE, June 30	<u>\$ 4,588</u>	<u>\$ -</u>	<u>\$ 4,588</u>	<u>\$ 11,083</u>	<u>\$ 6,495</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Budgeted Fund Balance	<u>\$ (149,121)</u>	<u>\$ -</u>	<u>\$ (149,121)</u>	<u>\$ (142,626)</u>	<u>\$ 6,495</u>
Recapitulation of Balances:					
Restricted for:					
Debt service				\$ 6,495	
Assigned to:					
Designated by the Board of Education for subsequent year's expenditures				<u>4,588</u>	
				<u>\$ 11,083</u>	

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.	111-118
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, property taxes.	119-122
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.	123-126
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.	127-128
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.	129-133

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

	Fiscal Year Ended June 30,									
	2017	2016	<i>(Restated)</i> 2015	<i>(Restated)</i> 2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Invested in capital assets, net of related debt	\$ 37,499,410	\$ 32,147,230	\$ 27,314,078	\$ 20,304,261	\$ 20,889,514	\$ 18,234,468	\$ 16,698,417	\$ 17,763,304	\$ 18,734,871	\$ 19,646,173
Restricted	9,196,464	10,301,504	9,865,271	6,755,089	3,241,776	2,563,951	1,210,035	20,411	32,181	139,129
Unrestricted (Deficit)	<u>(27,795,826)</u>	<u>(26,704,489)</u>	<u>(24,606,865)</u>	<u>(21,296,812)</u>	<u>2,414,935</u>	<u>1,488,319</u>	<u>2,276,040</u>	<u>483,740</u>	<u>(3,576,575)</u>	<u>(4,321,297)</u>
Total governmental activities net position	<u>\$ 18,900,048</u>	<u>\$ 15,744,245</u>	<u>\$ 12,572,484</u>	<u>\$ 5,762,538</u>	<u>\$ 26,546,225</u>	<u>\$ 22,286,738</u>	<u>\$ 20,184,492</u>	<u>\$ 18,267,455</u>	<u>\$ 15,190,477</u>	<u>\$ 15,464,005</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 143,288	\$ (6,107)	\$ 23,029	\$ 34,263	\$ 40,823	\$ 52,592	\$ 64,463	\$ 77,966	\$ 91,469	\$ 105,678
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	429,144	390,244	164,949	109,048	100,029	192,031	170,029	161,095	193,661	220,513
Total business-type activities net position	<u>\$ 572,432</u>	<u>\$ 384,137</u>	<u>\$ 187,978</u>	<u>\$ 143,311</u>	<u>\$ 140,852</u>	<u>\$ 244,623</u>	<u>\$ 234,492</u>	<u>\$ 239,061</u>	<u>\$ 285,130</u>	<u>\$ 326,191</u>
District-wide:										
Invested in capital assets, net of related debt	\$ 37,642,698	\$ 32,141,123	\$ 27,337,107	\$ 20,338,524	\$ 20,930,337	\$ 18,287,060	\$ 16,762,880	\$ 17,841,270	\$ 18,826,340	\$ 19,751,851
Restricted	9,196,464	10,301,504	9,865,271	6,755,089	3,241,776	2,563,951	1,210,035	20,411	32,181	139,129
Unrestricted (Deficit)	<u>(27,366,682)</u>	<u>(26,314,245)</u>	<u>(24,441,916)</u>	<u>(21,187,764)</u>	<u>2,514,964</u>	<u>1,680,350</u>	<u>2,446,069</u>	<u>644,835</u>	<u>(3,382,914)</u>	<u>(4,100,784)</u>
Total district net position	<u>\$ 19,472,480</u>	<u>\$ 16,128,382</u>	<u>\$ 12,760,462</u>	<u>\$ 5,905,849</u>	<u>\$ 26,687,077</u>	<u>\$ 22,531,361</u>	<u>\$ 20,418,984</u>	<u>\$ 18,506,516</u>	<u>\$ 15,475,607</u>	<u>\$ 15,790,196</u>

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
Instruction:										
Regular programs	\$ 44,124,968	\$ 39,955,470	\$ 34,496,285	\$ 30,374,097	\$ 31,494,232	\$ 30,440,311	\$ 29,279,680	\$ 29,253,267	\$ 28,874,002	\$ 29,538,264
Special education programs	12,790,046	11,266,201	9,951,711	9,095,697	9,002,194	8,480,211	8,473,838	8,464,554	7,299,941	8,451,020
Other instructional programs	2,479,822	2,214,619	2,250,135	2,033,353	1,796,657	1,661,105	1,529,506	1,578,165	1,308,443	1,344,860
School sponsored programs	1,842,419	1,625,029	1,537,598	1,413,971	1,128,260	1,138,941	1,123,417	1,079,690	1,012,670	1,161,487
Community services programs	-	34,540	37,655	40,784	29,698	46,610	53,148	40,789	-	237,671
Support Services:										
Tuition	2,525,984	2,435,596	2,756,260	2,730,940	2,711,876	2,862,242	2,964,008	3,151,685	3,457,909	3,349,320
Student & instruction related services	15,462,791	13,779,605	13,018,212	11,795,770	11,742,227	11,246,504	11,222,504	11,405,017	10,549,571	10,722,009
School administrative services	6,604,221	5,866,902	4,982,172	4,534,163	4,532,706	4,780,646	4,352,318	4,441,668	4,456,645	4,763,487
Other administrative services	4,294,786	3,742,696	3,629,252	3,475,143	3,272,978	3,312,477	3,077,718	2,968,343	3,055,916	3,038,472
Plant operations and maintenance	14,845,383	13,818,421	12,084,724	12,148,221	11,366,854	11,842,279	11,953,154	12,115,937	12,259,725	12,118,196
Pupil transportation	6,386,281	5,616,420	5,188,897	5,079,433	5,033,828	5,138,677	5,204,635	5,890,727	6,048,492	6,451,921
Charter schools	95,706	77,188	98,784	155,488	134,935	95,957	75,946	72,424	-	45,123
Interest and other debt related charges	1,200,544	1,395,096	1,714,681	2,176,498	2,344,683	2,955,477	2,774,929	2,721,148	2,835,064	2,915,556
Unallocated depreciation	52,672	55,632	56,360	50,568	52,755	55,909	65,277	79,015	86,339	92,320
Total governmental activities expenses	<u>112,705,623</u>	<u>101,883,415</u>	<u>91,802,726</u>	<u>85,104,126</u>	<u>84,643,883</u>	<u>84,057,346</u>	<u>82,150,078</u>	<u>83,262,429</u>	<u>81,244,717</u>	<u>84,229,706</u>
Business-type activities:										
Food service	988,099	987,989	1,027,741	1,198,103	1,221,314	1,272,852	1,266,957	1,341,549	1,348,421	1,482,292
Community school	-	-	-	-	-	40,056	113,517	160,173	195,828	173,357
Summer programs	145,409	147,656	129,906	34,965	42,822	40,410	50,824	57,488	42,759	39,865
Property rentals	244,638	223,046	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>1,378,146</u>	<u>1,358,691</u>	<u>1,157,647</u>	<u>1,233,068</u>	<u>1,264,136</u>	<u>1,353,318</u>	<u>1,431,298</u>	<u>1,559,210</u>	<u>1,587,008</u>	<u>1,695,514</u>
Total district expenses	<u>\$ 114,083,769</u>	<u>\$ 103,242,106</u>	<u>\$ 92,960,373</u>	<u>\$ 86,337,194</u>	<u>\$ 85,908,019</u>	<u>\$ 85,410,664</u>	<u>\$ 83,581,376</u>	<u>\$ 84,821,639</u>	<u>\$ 82,831,725</u>	<u>\$ 85,925,220</u>

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Program Revenues										
Governmental activities:										
Charges for services:										
Regular programs (tuition)	\$ 107,649	\$ 4,100	\$ -	\$ 4,164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special education programs (tuition)	478,299	375,088	234,015	166,822	47,494	56,178	87,350	113,801	103,408	271,335
Other instructional programs (sunset academy fees)	9,000	7,600	11,700	11,400	5,400	7,053	-	-	-	-
School sponsored programs (sports and activity fees)	-	-	-	-	-	81,658	85,155	63,787	-	-
Plant operations and maintenance (building usage, parking)	118,204	124,822	124,822	109,545	101,755	158,787	56,007	70,875	50,572	67,918
Pupil transportation (transportation fees)	27,238	6,227	7,180	5,597	57,357	229,595	213,067	24,362	30,235	35,188
Operating grants and contributions	34,035,893	26,314,500	20,954,270	13,170,198	14,069,996	12,135,738	12,226,330	16,160,847	11,825,243	13,626,319
Capital grants and contributions	-	90,547	1,356,982	-	247,696	266,917	15,454	68,465	-	-
Total governmental activities program revenues	<u>34,776,283</u>	<u>26,922,884</u>	<u>22,688,969</u>	<u>13,467,726</u>	<u>14,529,698</u>	<u>12,935,926</u>	<u>12,683,363</u>	<u>16,502,137</u>	<u>12,009,458</u>	<u>14,000,760</u>
Business-type activities:										
Charges for services:										
Food service	729,382	703,531	693,762	724,307	774,919	922,334	950,217	1,001,572	1,059,598	1,088,892
Community school	-	-	-	-	-	20,271	94,059	152,901	183,467	190,352
Summer programs	129,236	144,040	133,103	30,466	42,904	50,372	36,295	33,813	51,258	47,551
Property rentals	374,478	346,462	-	-	-	-	-	-	-	-
Operating grants and contributions	331,009	359,641	380,496	365,754	340,497	364,214	345,789	343,921	291,976	317,405
Total business-type activities program revenues	<u>1,564,105</u>	<u>1,553,674</u>	<u>1,207,361</u>	<u>1,120,527</u>	<u>1,158,320</u>	<u>1,357,191</u>	<u>1,426,360</u>	<u>1,532,207</u>	<u>1,586,299</u>	<u>1,644,200</u>
Total district program revenues	<u>\$ 36,340,388</u>	<u>\$ 28,476,558</u>	<u>\$ 23,896,330</u>	<u>\$ 14,588,253</u>	<u>\$ 15,688,018</u>	<u>\$ 14,293,117</u>	<u>\$ 14,109,723</u>	<u>\$ 18,034,344</u>	<u>\$ 13,595,757</u>	<u>\$ 15,644,960</u>
Net (Expense)/Revenue										
Governmental activities	\$ (77,929,340)	\$ (74,960,531)	\$ (69,113,757)	\$ (71,636,400)	\$ (70,114,185)	\$ (71,121,420)	\$ (69,466,715)	\$ (66,760,292)	\$ (69,235,259)	\$ (70,228,946)
Business-type activities	185,959	194,983	49,714	(112,541)	(105,816)	3,873	(4,938)	(27,003)	(709)	(51,314)
Total district-wide net (expense)/revenue	<u>\$ (77,743,381)</u>	<u>\$ (74,765,548)</u>	<u>\$ (69,064,043)</u>	<u>\$ (71,748,941)</u>	<u>\$ (70,220,001)</u>	<u>\$ (71,117,547)</u>	<u>\$ (69,471,653)</u>	<u>\$ (66,787,295)</u>	<u>\$ (69,235,968)</u>	<u>\$ (70,280,260)</u>

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 63,322,510	\$ 62,080,892	\$ 60,863,620	\$ 59,670,216	\$ 58,500,212	\$ 57,353,149	\$ 56,228,577	\$ 56,099,419	\$ 53,189,858	\$ 52,201,822
Taxes levied for debt service	4,234,072	4,285,754	4,587,826	4,592,970	4,576,028	4,611,674	4,598,981	4,478,743	4,458,369	2,884,116
Unrestricted grants and contributions	11,648,609	11,680,396	11,672,926	11,616,865	11,638,067	11,351,096	10,199,501	9,121,265	10,956,684	10,243,283
Extraordinary items	1,514,154	(66,165)	(1,278,015)	624,852	21,398	(220,988)	-	-	-	(230,425)
Investment earnings	92,985	70,942	43,546	10,892	7,604	8,685	12,354	5,987	44,741	177,825
Miscellaneous income	275,229	80,774	33,800	69,929	68,690	126,251	344,339	111,856	270,079	932,599
Transfers	(2,416)	(301)	-	(115,000)	-	(6,201)	-	20,000	42,000	42,000
Total governmental activities	<u>81,085,143</u>	<u>78,132,292</u>	<u>75,923,703</u>	<u>76,470,724</u>	<u>74,811,999</u>	<u>73,223,666</u>	<u>71,383,752</u>	<u>69,837,270</u>	<u>68,961,731</u>	<u>66,251,220</u>
Business-type activities:										
Investment earnings	1,903	875	486	-	1,345	57	369	934	1,648	9,598
Miscellaneous income	433	-	384	-	-	-	-	-	-	-
Extraordinary items	-	-	(5,917)	-	700	-	-	-	-	-
Transfers	-	301	-	115,000	-	6,201	-	(20,000)	(42,000)	(42,000)
Total business-type activities	<u>2,336</u>	<u>1,176</u>	<u>(5,047)</u>	<u>115,000</u>	<u>2,045</u>	<u>6,258</u>	<u>369</u>	<u>(19,066)</u>	<u>(40,352)</u>	<u>(32,402)</u>
Total district-wide	<u>\$ 81,087,479</u>	<u>\$ 78,133,468</u>	<u>\$ 75,918,656</u>	<u>\$ 76,585,724</u>	<u>\$ 74,814,044</u>	<u>\$ 73,229,924</u>	<u>\$ 71,384,121</u>	<u>\$ 69,818,204</u>	<u>\$ 68,921,379</u>	<u>\$ 66,218,818</u>
Change in Net Position										
Governmental activities	\$ 3,155,803	\$ 3,171,761	\$ 6,809,946	\$ 4,834,324	\$ 4,697,814	\$ 2,102,246	\$ 1,917,037	\$ 3,076,978	\$ (273,528)	\$ (3,977,726)
Business-type activities	188,295	196,159	44,667	2,459	(103,771)	10,131	(4,569)	(46,069)	(41,061)	(83,716)
Total district	<u>\$ 3,344,098</u>	<u>\$ 3,367,920</u>	<u>\$ 6,854,613</u>	<u>\$ 4,836,783</u>	<u>\$ 4,594,043</u>	<u>\$ 2,112,377</u>	<u>\$ 1,912,468</u>	<u>\$ 3,030,909</u>	<u>\$ (314,589)</u>	<u>\$ (4,061,442)</u>

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted	\$ 9,189,969	\$ 9,696,004	\$ 9,429,497	\$ 6,937,450	\$ 3,235,107	\$ 2,208,841	\$ 803,360	\$ 16,243	\$ 15,986	\$ 15,676
Committed	849,781	95,229	555,996	1,276,855	1,105,729	980,583	183,000	-	-	-
Assigned	2,260,692	1,559,697	3,354,681	4,180,921	4,726,347	3,641,657	4,180,839	3,659,053	1,068,269	1,489,573
Unassigned	1,363,844	1,306,648	1,732,824	1,907,453	1,889,251	2,119,323	2,406,080	1,737,601	392,743	(478,391)
Total general fund	<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>	<u>\$ 5,412,897</u>	<u>\$ 1,476,998</u>	<u>\$ 1,026,858</u>
All Other Governmental Funds										
Restricted for:										
Capital projects	\$ -	\$ 600,912	\$ 142,439	\$ -	\$ -	\$ 350,454	\$ 403,689	\$ 1,129	\$ 2,200	\$ 123,453
Debt service	6,495	4,588	149,121	1,113	3,683	2,986	1	-	1	-
Assigned	4,588	149,121	144,214	3,683	2,986	1,670	2,985	3,039	13,994	-
Unassigned	-	-	-	(187,157)	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 4,168</u>	<u>\$ 16,195</u>	<u>\$ 123,453</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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Tax levy	\$ 67,556,582	\$ 66,366,646	\$ 65,451,446	\$ 64,263,186	\$ 63,076,240	\$ 61,964,823	\$ 60,827,558	\$ 60,578,162	\$ 57,648,227	\$ 55,085,938
Tuition charges	585,948	375,088	234,015	170,986	47,494	56,178	87,350	113,801	103,408	271,335
Interest earnings	92,985	70,942	43,546	10,892	7,604	8,685	12,354	5,987	44,741	177,825
Transportation fees	27,238	6,227	7,180	5,597	57,357	229,595	213,067	24,362	30,235	35,188
Miscellaneous	1,062,433	212,311	235,322	815,726	197,243	373,749	485,501	246,518	321,443	1,005,621
State sources	25,782,199	24,689,601	25,392,851	23,286,891	24,651,784	22,171,339	20,416,124	21,225,043	21,612,738	22,233,937
Federal sources	1,460,709	1,465,683	1,425,899	1,500,172	1,303,975	1,582,412	2,025,161	4,125,534	1,168,397	1,635,665
Total revenue	96,568,094	93,186,498	92,790,259	90,053,450	89,341,697	86,386,781	84,067,115	86,319,407	80,929,189	80,445,509
Expenditures										
Instruction:										
Regular Instruction	22,611,055	23,014,678	21,663,620	21,605,660	22,034,273	21,865,872	20,949,176	20,465,844	20,375,044	20,178,505
Special education instruction	6,696,905	6,594,041	6,287,558	6,453,080	6,123,026	6,029,745	6,126,413	5,812,533	5,183,587	5,729,167
Other instructional programs	1,263,566	1,278,794	1,404,332	1,476,002	1,232,256	1,186,752	1,102,572	1,081,345	933,563	901,818
School sponsored programs	1,258,420	1,179,989	1,168,238	1,069,470	850,449	868,773	846,534	813,821	770,131	910,714
Community services programs	-	34,540	37,655	40,784	29,698	43,857	47,542	35,390	-	164,377
Support Services:										
Tuition	2,525,984	2,435,596	2,756,260	2,730,940	2,711,876	2,862,242	2,964,008	3,151,685	3,392,265	3,349,320
Student & inst. related services	8,561,308	8,319,561	8,484,087	8,528,782	8,351,729	8,131,635	8,297,296	8,254,590	7,708,012	7,725,924
School administrative services	3,420,218	3,394,550	3,156,541	3,166,897	3,126,636	3,216,347	3,062,816	3,037,525	3,149,541	3,342,593
Other administrative services	3,098,526	2,831,023	2,872,144	2,745,813	2,582,402	2,599,568	2,401,104	2,335,164	2,453,562	2,414,639
Plant operations and maintenance	8,561,682	7,607,741	7,042,310	7,095,980	6,571,630	7,054,440	7,275,560	7,385,965	7,630,014	7,652,112
Pupil transportation	4,789,921	4,501,053	4,104,999	3,950,618	3,944,166	3,984,861	3,963,774	4,475,471	4,913,561	5,255,049
Employee benefits	23,487,854	21,638,981	19,726,960	20,031,310	21,147,769	19,306,765	18,667,448	20,039,281	18,697,449	20,212,132
Charter Schools	95,706	77,188	98,784	155,488	134,935	95,957	75,946	72,424	65,644	45,123
Capital outlay	5,495,453	8,395,312	8,271,043	2,549,967	3,686,049	2,613,856	1,051,275	511,925	701,203	1,075,849
Debt service:										
Principal	3,575,000	3,260,000	3,220,000	3,105,668	3,040,869	2,807,152	2,665,299	2,541,417	2,402,519	1,575,466
Interest and other charges	1,326,910	1,632,677	1,663,068	2,074,776	2,116,345	2,387,198	2,514,436	2,631,155	2,732,481	2,798,134
Total expenditures	96,768,508	96,195,724	91,957,599	86,781,235	87,684,108	85,055,020	82,011,199	82,645,535	81,108,576	83,330,922
Excess (Deficiency) of revenues over (under) expenditures	(200,414)	(3,009,226)	832,660	3,272,215	1,657,589	1,331,761	2,055,916	3,673,872	(179,387)	(2,885,413)

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	466,000	910,000	552,000	-	-	-	506,973	230,000	480,269	516,291
Transfers in	3,533,275	3,050,288	2,190,388	3,021	47,176	337,355	427,999	126,028	42,000	42,000
Transfers out	(3,533,275)	(3,050,589)	(2,190,388)	(118,021)	(47,176)	(343,556)	(427,999)	(106,028)	-	-
Cancellation of prior year receivable	(2,416)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	463,584	912,653	555,794	(115,000)	-	(6,201)	506,973	250,000	522,269	558,291
Net change in fund balances	<u>\$ 263,170</u>	<u>\$ (2,096,573)</u>	<u>\$ 1,388,454</u>	<u>\$ 3,157,215</u>	<u>\$ 1,657,589</u>	<u>\$ 1,325,560</u>	<u>\$ 2,562,889</u>	<u>\$ 3,923,872</u>	<u>\$ 342,882</u>	<u>\$ (2,327,122)</u>
Debt service as a percentage of noncapital expenditures	5.37%	5.57%	5.83%	6.15%	6.14%	6.30%	6.40%	6.30%	6.39%	5.32%

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	Lost Book Fees	Parking Permit Fees	Use of Facilities	Refund Prior Year Expenditures	Cancellation of Prior Year Checks and Payables	Sports and Activity Participation Fees	Sale or Lease of Assets	Sunset Academy Fees	Legal Settlement/ Restitution	Other	Annual Totals
2008	\$ 19,038	\$ 4,751	\$ 7,224	\$ -	\$ 67,918	\$ 40,108	\$ 15,928	\$ -	\$ 5,104	\$ -	\$ -	\$ 3,055	\$ 163,126
2009	126,500	4,607	6,746	19,225	50,572	90,647	1,179	-	-	-	-	9,232	308,708
2010	49,701	5,717	4,791	19,275	70,875	4,728	-	63,787	20,985	-	-	3,622	243,481
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

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
2007	\$74,085,600	\$ 1,237,440,800	\$7,207,700	\$ 1,102,900	\$ 265,992,400	\$ 250,998,400	\$ 138,825,000	\$ 1,975,652,800	\$ 2,910,002	\$ 1,978,562,802	\$ 148,023,600	\$ 3,676,942,579	\$ 2.74
2008*	134,976,400	2,374,738,900	14,894,800	1,371,600	523,154,950	368,387,300	250,006,700	3,667,530,650	5,632,793	3,673,163,443	210,106,100	3,667,530,650	1.55
2009	129,539,100	2,382,560,000	15,145,500	1,336,800	509,132,750	368,195,300	246,300,000	3,652,209,450	5,666,847	3,657,876,297	214,728,300	3,854,574,617	1.63
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

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.

* Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment. The Township underwent a revaluation of real property that became effective for the years 2008 and 2010.

^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	
2007	\$ 2.56	\$ 0.18	\$ 2.74	\$ 0.82	\$ 0.44	\$ 4.00
2008*	1.44	0.11	1.55	0.48	0.24	2.27
2009	1.50	0.13	1.63	0.51	0.24	2.38
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

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

Note: Tax rates are per \$100

- * Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment. The Township underwent a revaluation of real property that became effective for the years 2008 and 2010.
- ^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.
- ^b Rates for debt service are based on each year's requirements.

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

Taxpayer	2016 Top Ten Taxpayers			2006 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 Garden Association	\$ 99,520,500	1	3.26%	\$ 50,300,000	2	2.51%
SDK Village Green LLC	88,712,200	2	2.90%	48,700,000	3	2.43%
Toys R Us Inc.	49,500,000	3	1.62%	42,000,000	4	2.09%
Exeter 330 Waterloo Valley LLC	47,735,000	4	1.56%	-	-	-
Eagle Rock Village Inc.	32,041,700	5	1.05%	23,465,000	6	1.17%
SCI ITC South Fund, LLC	31,600,000	6	1.03%	-	-	-
Siemens Healthcare Diagnostics Inc.	29,910,900	7	0.98%	-	-	-
ATC Realty Sixteen LLC (formerly BASF Corporation)	25,000,000	8	0.82%	74,500,000	1	3.71%
SCI ITC South Fund, LLC	20,458,600	9	0.67%	-	-	-
350 Clark Drive LLC	20,000,000	10	0.65%	-	-	-
Lancaster Group US	-	-	-	34,200,000	5	1.71%
AIG Baker	-	-	-	16,104,800	7	0.80%
National Shopping Center Associates, LLC	-	-	-	15,049,600	8	0.75%
ARD Mount Olive Associates	-	-	-	14,348,000	9	0.72%
Mt. Olive Industrial Realty	-	-	-	13,650,000	10	0.68%
Total	<u>\$ 444,478,900</u>		<u>14.54%</u>	<u>\$ 332,317,400</u>		<u>16.57%</u>

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	
2007	\$ 54,301,960	\$ 54,301,960	100.00%	-
2008	56,786,067	56,786,067	100.00%	-
2009	59,532,178	59,532,178	100.00%	-
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%	-

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)			
2008	\$ 62,585,000	\$ 562,924	\$ -	\$ 63,147,924	3.27%	\$ 2,444
2009	60,250,000	495,405	-	60,745,405	3.32%	2,343
2010	57,775,000	428,988	-	58,203,988	2.84%	2,069
2011	55,175,000	363,689	-	55,538,689	2.57%	1,961
2012	52,715,000	291,537	-	53,006,537	2.36%	1,860
2013	49,745,000	220,668	-	49,965,668	2.20%	1,741
2014	46,720,000	140,000	-	46,860,000	1.96%	1,623
2015	42,040,000	95,000	-	42,135,000	1.67%	1,450
2016	36,465,000	50,000	-	36,515,000	N/A	1,254
2017	32,940,000	-	-	32,940,000	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. Personal income data is not available beyond 2015 and population data is not available beyond 2016.

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

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		
2008	\$ 62,585,000	-	\$ 62,585,000	3.16%	\$ 2,422
2009	60,250,000	-	60,250,000	1.64%	2,324
2010	57,775,000	-	57,775,000	1.58%	2,054
2011	55,175,000	-	55,175,000	1.82%	1,948
2012	52,715,000	-	52,715,000	1.75%	1,850
2013	49,745,000	-	49,745,000	1.66%	1,734
2014	46,720,000	-	46,720,000	1.56%	1,619
2015	42,040,000	-	42,040,000	1.40%	1,447
2016	36,465,000	-	36,465,000	1.21%	1,252
2017	32,940,000	-	32,940,000	1.08%	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. Population data is not available beyond 2016.

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2017
 UNAUDITED

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Mt. Olive ^b	\$ 21,708,760	100.00%	\$ 21,708,760
County of Morris ^c	221,180,986	3.41%	<u>7,551,119</u>
Subtotal, overlapping debt			29,259,879
Mt. Olive Township School District Direct Debt ^d			<u>32,940,000</u>
Total direct and overlapping debt			<u><u>\$ 62,199,879</u></u>

Source: Annual Debt Statements provided by the County of Morris and Mt. Olive Township
 2016 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 2016 Abstract of Ratables for Morris County.

^b Net debt at December 31, 2016 as per the Township's Annual Debt Statement.

^c Net debt at December 31, 2016 as per the County's Annual Debt Statement.

^d School District debt includes all bonds, notes and loans issued as of June 30, 2017 as per Schedule J-10.

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

Legal Debt Margin Calculation for Fiscal Year 2016

		Equalized valuation basis	
		2016	\$ 3,106,612,257
		2015	3,092,723,997
		2014	2,933,654,905
		[A]	<u>\$ 9,132,991,159</u>
	Average equalized valuation of taxable property	[A/3]	\$ 3,044,330,386
	Debt limit (4% of average equalized valuation)	[B]	\$ 121,773,215 ^a
	Total net debt applicable to limit	[C]	32,940,000
	Legal debt margin	[B-C]	<u>\$ 88,833,215</u>

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 145,290,370	\$ 152,652,749	\$ 152,968,716	\$ 148,613,894	\$ 141,075,637	\$ 133,689,899	\$ 127,755,664	\$ 122,799,389	\$ 121,481,824	\$ 121,773,215
Total net debt applicable to limit ^b	62,585,000	60,250,000	57,775,000	55,175,000	52,715,000	49,745,000	46,720,000	42,040,000	36,465,000	32,940,000
Legal debt margin	<u>\$ 82,705,370</u>	<u>\$ 92,402,749</u>	<u>\$ 95,193,716</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	43.08%	39.47%	37.77%	37.13%	37.37%	37.21%	36.57%	34.23%	30.02%	27.05%

Source: Mount Olive Township Annual Debt Statement. Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

^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, 2017 per Schedule J-11.

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

Year Ended December 31,	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2007	25,633	\$ 1,850,984,563	\$ 72,211	3.4%
2008	25,843	1,928,818,148	74,636	4.3%
2009	25,925	1,828,127,300	70,516	8.8%
2010	28,132	2,047,446,960	72,780	8.9%
2011	28,323	2,158,042,662	76,194	8.2%
2012	28,493	2,242,199,649	78,693	8.3%
2013	28,694	2,269,523,236	79,094	7.0%
2014	28,866	2,390,393,460	82,810	5.2%
2015	29,055	2,515,640,010	86,582	4.4%
2016	29,130	N/A	N/A	4.1%

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
Mt. Olive Township School District	852	1	5.52%
Siemens Medical Solutions	505	2	3.27%
Toys R Us	377	3	2.44%
Wal-Mart Stores Inc.	219	4	1.42%
Mount Olive Township	215	5	1.39%
Shop Rite of Flanders	211	6	1.37%
Givaudan Fragrances Corp.	200	7	1.30%
Sam's Club	182	8	1.18%
Lowe's Home Centers Inc.	173	9	1.12%
American Sensor Technologies	85	10	0.55%
	<u>3,019</u>		<u>19.55%</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 2016 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>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction:										
Regular	323.0	307.5	286.0	282.0	270.0	279.8	285.0	290.3	301.0	297.2
Special education	123.0	114.5	121.5	125.0	125.0	106.4	131.4	141.7	149.0	142.7
Other instruction	11.5	11.5	11.5	16.0	16.0	15.2	19.0	16.6	18.6	18.2
School sponsored programs	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Community services programs	3.0	1.0	1.0	0.3	0.3	-	-	-	-	-
Support Services:										
Student & instruction related services	122.5	118.0	124.5	129.8	130.3	134.8	143.6	116.6	111.3	128.8
General administration	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.5	4.6	4.6
School administrative services	37.0	36.0	39.0	40.0	40.0	39.0	40.0	37.0	37.0	37.0
Business and other support services	10.5	10.0	9.5	9.5	9.5	9.5	9.5	9.0	9.0	9.0
Administrative information technology	6.0	6.0	6.0	5.0	5.0	6.0	8.0	8.0	8.0	8.0
Plant operations and maintenance	70.0	86.5	88.5	84.0	85.0	85.0	112.0	85.7	92.3	92.7
Pupil transportation	68.0	75.0	73.5	66.0	66.0	69.0	70.5	65.7	70.9	73.1
Total	<u>779.5</u>	<u>771.0</u>	<u>766.0</u>	<u>762.6</u>	<u>752.1</u>	<u>749.7</u>	<u>824.9</u>	<u>776.1</u>	<u>802.7</u>	<u>812.4</u>

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 ^d			Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2008	4,964.5	\$ 77,881,473	\$ 15,688	9.10%	477	18	22	19	4,907	4,685	-1.17%	95.5%
2009	4,966.5	75,272,373	15,156	-3.39%	451	19	21	18	4,906	4,668	-0.02%	95.1%
2010	4,941.5	76,961,038	15,574	2.76%	429	22	25	18	4,903	4,685	-0.06%	95.6%
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%

Source: District records

^a Enrollment is based on the annual October district count. The 2017 count represents student enrollment as of October 15, 2016.

^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.

^d Average class size is based on school report card data from the previous school year and excludes special education students in specialized classes.

^e 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

<u>District Building</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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	880	880	880	887	887	887	887	887	887
Enrollment ^b	714	719	700	697	692	648	648	681	678	684
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	886	886	886	866	866	866	866	866	866
Enrollment ^b	623	608	607	599	579	526	508	489	475	444
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	653	653	653	589	589	589	589	589	589
Enrollment ^b	440	451	426	422	384	374	376	373	387	403
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	676	676	676	688	688	688	688	688	688
Enrollment ^b	561	538	527	526	494	456	460	460	453	458
<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	1,200	1,200	1,200	1,400	1,400	1,400	1,400	1,400	1,400
Enrollment ^b	1,197	1,167	1,164	1,137	1,150	1,157	1,205	1,213	1,125	1,101
<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	1,740	1,740	1,740	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment ^b	1,376	1,425	1,468	1,508	1,456	1,444	1,452	1,473	1,455	1,486
<u>Other (2)</u>										
Administrative Office Complex (2015)										
Building One - Square Feet	-	-	-	-	-	-	-	-	19,198	19,198
Building Two - Square Feet	-	-	-	-	-	-	-	-	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, Demographer's Report, 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 Functional capacity for years 2012-2017 is based on the Demographer's 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. Capacities prior to 2012 are based on architect's estimate as of August 15, 1997.

^b Enrollment is based on the annual October district count. The 2017 count represents the number of on roll full-time and shared-time students as of October 15, 2016.

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 *						Other Facilities/ Unallocated ^a	Total
	Mt. Olive High School	Mt. Olive Middle School	Chester Stephens Elementary School	Tinc Road Elementary School	Sandshore Elementary School	Mt. View Elementary School		
2008	\$ 125,830	\$ 103,458	\$ 64,939	\$ 46,374	\$ 41,929	\$ 79,533	\$ 260,371	\$ 722,434
2009	176,816	118,081	53,564	25,570	40,835	47,454	224,637	686,957
2010	218,053	112,706	71,865	47,964	37,751	39,253	253,529	781,121
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
Total School Facilities	\$ 2,342,779	\$ 1,494,483	\$ 636,565	\$ 508,711	\$ 598,949	\$ 782,251	\$ 2,694,473	\$ 9,058,211

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, 2017
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund		
Property:	\$ 500,000,000	
Building and personal property		\$ 2,500
Auto physical damage		\$ 1,000
General Liability including Auto and Employee Benefits:		
Per occurrence	\$ 5,000,000	
Fund annual aggregate	\$ 100,000,000	
Fire damage	\$ 2,500,000	
Medical expenses (excluding student athletes)	\$ 10,000	
Security Guard Liability	\$ 1,000,000	\$ 5,000
Environmental Impairment Liability:		
Per incident	\$ 1,000,000	\$ 10,000
Fund annual aggregate	\$ 25,000,000	
Crime Coverage	\$ 50,000	\$ 1,000
Blanket employee dishonesty bond	\$ 500,000	\$ 1,000
Boiler and machinery	\$ 100,000,000	\$ 2,500
Excess Liability (excludes school board legal liability)	\$ 15,000,000	
School Board Legal Liability	\$ 5,000,000	\$ 5,000
Cyber Liability	\$ 2,000,000	\$ 10,000
Workers' Compensation:	statutory	
Employer's liability	\$ 2,000,000	
Supplemental indemnity	statutory	
Selective Insurance		
Surety Bonds:		
Business Administrator	\$ 250,000	
Board Secretary	\$ 30,000	
Treasurer of School Monies	\$ 250,000	
Bollinger		
Student Accident Insurance	\$ 1,000,000	

Source: Insurance Agent

SINGLE AUDIT SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Township of Mount Olive School District, in the County of Morris, New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Mount Olive Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Mount Olive Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Mount Olive Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Mount Olive Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Township of Mount Olive School District in the separate Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance dated November 27, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

November 27, 2017

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY'S OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Township of Mount Olive School District in the County of Morris, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Township of Mount Olive School District's major federal and state programs for the fiscal year ended June 30, 2017. The Township of Mount Olive School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Mount Olive School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular

15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Township of Mount Olive School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Township of Mount Olive Board of Education's compliance.

Unmodified Opinion on Each of the Major Federal and State Programs

In our opinion, the Township of Mount Olive Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the Summary of Auditor Results section of the accompanying Schedule of Finding and Questioned Costs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Township of Mount Olive School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Mount Olive School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Township of Mount Olive School District's internal control over compliance.

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

Honorable President and
Members of the Board of Education

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

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Certified Public Accountants
Newton, New Jersey

November 27, 2017

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Accounts Receivable June 30, 2016	Cash Received	Budgetary Expenditures	Adjustments	Accounts Receivable June 30, 2017	MEMO GAAP Receivable
				From	To						
U.S. Department of Health and Human Services											
Passed-through State Department of Education											
General Fund:											
Medicaid Administrative Claiming (MAC)	93.778	1705NJ5MAP	8,967	09/01/16	08/31/17	\$ -	\$ 8,967	\$ (8,967)	\$ -	\$ -	\$ -
ARRA/Special Education Medicaid Initiative (SEMI)	93.778	1705NJ5MAP	4,898	10/01/08	12/31/10	-	4,898	(4,898)	-	-	-
Special Education Medicaid Initiative (SEMI)	93.778	1605NJ5MAP	65,285	09/01/15	08/31/16	(19,928)	19,928	-	-	-	-
Special Education Medicaid Initiative (SEMI)	93.778	1705NJ5MAP	43,817	09/01/16	08/31/17	-	43,817	(43,817)	-	-	-
Total General Fund						(19,928)	77,610	(57,682)	-	-	-
U.S. Department of Education											
Passed-through State Department of Education											
Special Revenue Fund:											
Title I Part A, Improving Basic Programs	84.010A	S010A150030	231,320	07/01/15	06/30/16	(55,310)	55,310	-	-	-	-
Title I Part A, Improving Basic Programs	84.010A	S010A160030	238,907	07/01/16	06/30/17	-	141,290	(214,595)	-	(73,305)	(73,305)
						(55,310)	196,600	(214,595)	-	(73,305)	(73,305)
Title IIA, Teacher and Principal Training and Recruiting Fund	84.367A	S367A150029	129,087	07/01/15	06/30/16	(27,045)	27,045	-	-	-	-
Title IIA, Teacher and Principal Training and Recruiting Fund	84.367A	S367A160029	107,553	07/01/16	06/30/17	-	47,167	(80,449)	-	(33,282)	(12,292)
						(27,045)	74,212	(80,449)	-	(33,282)	(12,292)
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A150030	23,228	07/01/15	06/30/16	(4,876)	4,876	-	-	-	-
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A160030	31,499	07/01/16	06/30/17	-	11,847	(11,847)	-	-	-
						(4,876)	16,723	(11,847)	-	-	-
Title III Immigrant, English Language Acquisition and Language Enhancement	84.365A	S365A160030	23,750	07/01/16	06/30/17	-	10,100	(14,834)	-	(4,734)	(4,734)
I.D.E.A. Part B (Basic)	84.027	H027A150100	1,054,840	07/01/15	06/30/16	(203,182)	201,371	-	1,811	-	-
I.D.E.A. Part B (Basic)	84.027	H027A160100	1,030,093	07/01/16	06/30/17	-	792,461	(1,023,433)	-	(230,972)	(227,384)
I.D.E.A. Part B (Preschool Grants)	84.173	H173A150114	47,212	07/01/15	06/30/16	(15,211)	15,211	-	-	-	-
I.D.E.A. Part B (Preschool Grants)	84.173	H173A160114	44,991	07/01/16	06/30/17	-	27,106	(40,351)	-	(13,245)	(6,042)
						(218,393)	1,036,149	(1,063,784)	1,811	(244,217)	(233,426)
Vocational Education - Basic Grants to States	84.048A	V048A150030	17,816	07/01/15	06/30/16	(14,082)	14,082	-	-	-	-
Vocational Education - Basic Grants to States	84.048A	V048A160030	19,451	07/01/16	06/30/17	-	6,245	(17,074)	-	(10,829)	(3,161)
						(14,082)	20,327	(17,074)	-	(10,829)	(3,161)
Total Special Revenue Fund						(319,706)	1,354,111	(1,402,583)	1,811	(366,367)	(326,918)
U.S. Department of Agriculture											
Passed-through State Department of Education											
Enterprise Fund:											
Food Donation	10.550		54,742	09/01/16	08/31/17	-	54,742	(54,742)	-	-	-
School Breakfast Program	10.553	16161NJ304N1099	24,393	09/01/15	08/31/16	(1,719)	1,719	-	-	-	-
School Breakfast Program	10.553	171NJ304N1099	25,582	09/01/16	08/31/17	-	23,184	(25,582)	-	(2,398)	(2,398)
National School Lunch Program	10.555	16161NJ304N1099	247,466	09/01/15	08/31/16	(14,412)	14,412	-	-	-	-
National School Lunch Program	10.555	171NJ304N1099	240,495	09/01/16	08/31/17	-	221,487	(240,495)	-	(19,008)	(19,008)
Special Milk Program for Children	10.556	16161NJ304N1099	1,141	09/01/15	08/31/16	(56)	56	-	-	-	-
Special Milk Program for Children	10.556	171NJ304N1099	1,524	09/01/16	08/31/17	-	1,396	(1,524)	-	(128)	(128)
After School Snack	10.555	171NJ304N1099	641	09/01/16	08/31/17	-	641	(641)	-	-	-
Total Enterprise Fund						(16,187)	317,637	(322,984)	-	(21,534)	(21,534)
Sub-Total Federal Financial Awards						\$ (355,821)	\$ 1,749,358	\$ (1,783,249)	\$ 1,811	\$ (387,901)	\$(348,452)

See Notes to Schedule of Expenditures of Federal and State Awards

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016					Balance at June 30, 2017					MEMO		
					From	To	Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Cancelled	Accounts Receivable	Due to Grantor	Budgetary Expenditures	Cancelled	Cumulative	
																Receivable	Due to Grantor
State Department of Education																	
General Fund:																	
Special Education Aid, Carryover	16-495-034-5120-089	\$ 2,928,748	07/01/15	06/30/16	\$ (292,874)	\$ -	\$ 292,874	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Special Education Aid	17-495-034-5120-089	2,959,145	07/01/16	06/30/17	-	-	2,663,231	(2,959,145)	-	-	-	-	-	(295,914)	2,959,145		
					(292,874)	-	2,956,105	(2,959,145)	-	-	-	-	-	(295,914)	2,959,145		
Transportation Aid, Carryover	16-495-034-5120-014	483,485	07/01/15	06/30/16	(48,349)	-	48,349	-	-	-	-	-	-	-	-		
Transportation Aid	17-495-034-5120-014	544,347	07/01/16	06/30/17	-	-	489,912	(544,347)	-	-	-	-	-	(54,435)	544,347		
					(48,349)	-	538,261	(544,347)	-	-	-	-	-	(54,435)	544,347		
Extraordinary Special Education Costs Aid, Carryover	16-495-034-5120-044	1,133,203	07/01/15	06/30/16	(1,133,203)	-	1,133,203	-	-	-	-	-	-	-	-		
Extraordinary Special Education Costs Aid	17-495-034-5120-044	1,182,701	07/01/16	06/30/17	-	-	-	(1,182,701)	-	-	-	-	-	(1,182,701)	1,182,701		
					(1,133,203)	-	1,133,203	(1,182,701)	-	-	-	-	-	(1,182,701)	1,182,701		
Nonpublic School Transportation Aid, Carryover	16-495-034-5120-014	23,516	07/01/15	06/30/16	(23,516)	-	23,516	-	-	-	-	-	-	-	-		
Nonpublic School Transportation Aid	17-495-034-5120-014	24,040	07/01/16	06/30/17	-	-	-	(24,040)	-	-	-	-	-	(24,040)	24,040		
					(23,516)	-	23,516	(24,040)	-	-	-	-	-	(24,040)	24,040		
Homeless Tuition Reimbursement, Carryover	N/A	21,719	07/01/15	06/30/16	(21,719)	-	21,719	-	-	-	-	-	-	-	-		
Homeless Tuition Reimbursement, Carryover	N/A	57,908	07/01/16	06/30/17	-	-	-	(57,908)	-	-	-	-	-	(57,908)	57,908		
					(21,719)	-	21,719	(57,908)	-	-	-	-	-	(57,908)	57,908		
Equalization Aid, Carryover	16-495-034-5120-078	11,587,203	07/01/15	06/30/16	(1,122,815)	-	1,122,815	-	-	-	-	-	-	-	-		
Equalization Aid	17-495-034-5120-078	11,538,909	07/01/16	06/30/17	-	-	10,436,514	(11,538,909)	-	-	-	-	-	(1,102,395)	11,538,909		
					(1,122,815)	-	11,559,329	(11,538,909)	-	-	-	-	-	(1,102,395)	11,538,909		
Security Aid, Carryover	16-495-034-5120-084	93,288	07/01/15	06/30/16	(9,329)	-	9,329	-	-	-	-	-	-	-	-		
Security Aid	17-495-034-5120-084	106,585	07/01/16	06/30/17	-	-	95,926	(106,585)	-	-	-	-	-	(10,659)	106,585		
					(9,329)	-	105,255	(106,585)	-	-	-	-	-	(10,659)	106,585		
PARCC Readiness Aid, Carryover	16-495-034-5120-098	44,640	07/01/15	06/30/16	(4,464)	-	4,464	-	-	-	-	-	-	-	-		
PARCC Readiness Aid	17-495-034-5120-098	44,640	07/01/16	06/30/17	-	-	40,176	(44,640)	-	-	-	-	-	(4,464)	44,640		
					(4,464)	-	44,640	(44,640)	-	-	-	-	-	(4,464)	44,640		
Per Pupil Growth Aid, Carryover	16-495-034-5120-097	44,640	07/01/15	06/30/16	(4,464)	-	4,464	-	-	-	-	-	-	-	-		
Per Pupil Growth Aid	17-495-034-5120-097	44,640	07/01/16	06/30/17	-	-	40,176	(44,640)	-	-	-	-	-	(4,464)	44,640		
					(4,464)	-	44,640	(44,640)	-	-	-	-	-	(4,464)	44,640		
Professional Learning Community Aid	17-495-034-5120-101	44,020	07/01/16	06/30/17	-	-	39,618	(44,020)	-	-	-	-	-	(4,402)	44,020		
Reimbursed T.P.A.F. Social Security Tax	17-495-034-5094-003	2,356,123	07/01/16	06/30/17	-	-	2,239,906	(2,356,123)	-	-	-	-	-	(116,217)	2,356,123		
On-behalf T.P.A.F. Pension	17-495-034-5094-002	3,490,087	07/01/16	06/30/17	-	-	3,490,087	(3,490,087)	-	-	-	-	-	-	3,490,087		
On-behalf T.P.A.F. Non-Contributory Insurance	17-495-034-5094-004	9,430	07/01/16	06/30/17	-	-	9,430	(9,430)	-	-	-	-	-	-	9,430		
On-behalf T.P.A.F. Post Retirement Medical	17-495-034-5094-001	2,908,037	07/01/16	06/30/17	-	-	2,908,037	(2,908,037)	-	-	-	-	-	-	2,908,037		
					-	-	8,647,460	(8,763,677)	-	-	-	-	-	(116,217)	8,763,677		
Total General Fund					(2,660,733)	-	25,113,746	(25,310,612)	-	-	-	-	-	(1,380,866)	25,310,612		
Special Revenue Fund:																	
CTEP Marketing Model Program of Study Pilot Program (Passed through Middlesex County College)	12-AG92-G06	9,000	09/01/12	08/31/13	(2,416)	-	-	-	2,416	-	-	-	-	-	-		
Total Special Revenue Fund					(2,416)	-	-	-	2,416	-	-	-	-	-	-		
Debt Service Fund:																	
Debt Service Aid - State Support	17-495-034-5120-075	523,933	07/01/16	06/30/17	-	-	523,933	(523,933)	-	-	-	-	-	-	523,933		
Total Debt Service Fund					-	-	523,933	(523,933)	-	-	-	-	-	-	523,933		
State Department of Agriculture																	
Enterprise Fund:																	
National School Lunch Program - State Share, Carryover	16-100-010-3350-023	8,128	07/01/15	06/30/16	(481)	-	481	-	-	-	-	-	-	-	-		
National School Lunch Program - State Share	17-100-010-3350-023	8,025	07/01/16	06/30/17	-	-	7,375	(8,025)	-	-	-	-	-	(650)	8,025		
					(481)	-	7,856	(8,025)	-	-	-	-	-	(650)	8,025		
Total Enterprise Fund					(481)	-	7,856	(8,025)	-	-	-	-	-	(650)	8,025		
Total State Financial Assistance					(2,663,630)	-	25,645,535	(25,842,570)	2,416	-	-	-	-	(1,476,733)	25,842,570		
Less: On-Behalf Pension and Annuity Aid					-	-	6,407,554	(6,407,554)	-	-	-	-	-	-	6,407,554		
Total For State Financial Assistance Determination					\$ (2,663,630)	\$ -	\$ 19,237,981	\$ (19,435,016)	\$ 2,416	\$ (1,381,516)	\$ -	\$ -	\$ -	\$ (1,476,733)	\$ 19,435,016		

See Notes to Schedule of Expenditures of Federal and State Awards

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Township of Mount Olive School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

The financial statements present the general fund and the special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS,
(continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,562) for the general fund and (\$444) for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Additionally, as discussed further in Note 5, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during the 2017 fiscal year was \$6,407,554.00.

Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$57,682	\$25,258,266	\$25,315,948
Special Revenue Fund	1,403,027	-	1,403,027
Capital Projects Fund			
Debt Service	-	523,933	523,933
Food Service Fund	322,984	8,025	331,009
Total Awards and Financial Assistance	<u>\$1,783,693</u>	<u>\$25,790,224</u>	<u>\$27,573,917</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2017. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7. INDIRECT COST RATE

The Township of Mount Olive School District has elected not to use the 10 percent de minimis Indirect Cost Rate as allowed under the Uniform Guidance.

**TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section 516(a) of the Uniform Guidance? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Fein Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		SPECIAL EDUCATION CLUSTER:
84.027	H027A150100	I.D.E.A. - Part B - Basic
84.173	H173A150114	I.D.E.A. - Part B - Preschool
84.010	S010A150030	Title I - Grants to LEA

Dollar threshold used to distinguish between type A and type B programs: \$750,000.00

Auditee qualified as low-risk auditee? X yes no

**TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$750,000.00

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major state programs:

1. Material weakness(es) identified? yes X no

2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? yes X no

Identification of major state programs:

State Grant/Project Number(s)

Name of State Program

 17-495-034-5120-078
 17-495-034-5120-089
 17-495-034-5120-084
 17-495-034-5120-097
 17-495-034-5120-098
 17-495-034-5120-101

State Aid – Public:
 Equalization Aid
 Categorical special Education Aid
 Security Aid
 Per Pupil Growth Aid
 PARCC Readiness Aid
 Professional Learning Community Aid

**TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings

None

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

None

**TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Status of Prior Year Findings

All findings were corrected.