

**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, 2016**

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, 2016

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, 2016**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal	1-7
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10

FINANCIAL SECTION

Independent Auditors' Report	11-14
Required Supplementary Information - Part I (Unaudited)	
Management's Discussion and Analysis	15-25

Basic Financial Statements

A. District-wide Financial Statements	
A-1 Statement of Net Position	26
A-2 Statement of Activities	27
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	28
B-1a Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position	29
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	30
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Proprietary Fund:	
B-4 Statement of Net Position	32
B-5 Statement of Revenues, Expenses and Changes in Net Position	33
B-6 Statement of Cash Flows	34
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	35
B-8 Statement of Changes in Fiduciary Net Position	36

Notes to the Basic Financial Statements	37-69
--	-------

Required Supplementary Information - Part II (Unaudited)

C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	70-82
C-2 Budgetary Comparison Schedule - Special Revenue Fund	83

Notes to the Required Supplementary Information – Part II

C-3 Budget-to-GAAP Reconciliation	84
-----------------------------------	----

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

	Page
Required Supplementary Information - Part III (Unaudited)	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	85
L-2 Schedule of District Contributions - PERS	86
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	87
L-4 Notes to the Required Supplementary Information	88
Other Supplementary Information	
D. School Level Schedules	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	89-90
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	91
F-2 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	92
F-2a Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – Chester M. Stephens Window Replacement Project	93
F-2b Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – Tinc Road Elementary School Roof Replacement Project	94
F-2c Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – Sandshore Elementary School Boiler Replacement Project	95
F-2d Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – Mt. Olive High School Roof Replacement Project	96
F-2e Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – Mt. Olive High School Window Replacement Project	97
F-2f Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis – Mt. Olive High School Maker Space/Recording Studio Project	98
G. Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Statement of Net Position	99
G-2 Combining Statement of Revenues, Expenses and Changes in Net Position	100
G-3 Combining Statement of Cash Flows	101
Internal Service Funds:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

Other Supplementary Information (Cont'd)

	Page
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	102
H-2 Combining Statement of Changes in Fiduciary Net Position	103
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	104
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	105
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	106-107
I-2 Schedule of Obligations under Capital Leases	108
I-3 Debt Service Fund Budgetary Comparison Schedule	109-110

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends:

J-1 Net Position by Component	111
J-2 Changes in Net Position	112-114
J-3 Fund Balances – Governmental Funds	115
J-4 Changes in Fund Balances – Governmental Funds	116-117
J-5 General Fund - Other Local Revenue by Source	118

Revenue Capacity:

J-6 Assessed Value and Estimated Actual Value of Taxable Property	119
J-7 Direct and Overlapping Property Tax Rates	120
J-8 Principal Property Taxpayers	121
J-9 Property Tax Levies and Collections	122

Debt Capacity:

J-10 Ratios of Outstanding Debt by Type	123
J-11 Ratios of Net General Bonded Debt Outstanding	124
J-12 Direct and Overlapping Governmental Activities Debt	125
J-13 Legal Debt Margin Information	126

Demographic and Economic Information:

J-14 Demographic and Economic Statistics	127
J-15 Principal Employers	128

Operating Information:

J-16 Full-time Equivalent District Employees by Function/Program	129
J-17 Operating Statistics	130
J-18 School Building Information	131
J-19 Schedule of Required Maintenance by School Facility	132
J-20 Insurance Schedule	133

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS (Continued)

SINGLE AUDIT SECTION

	Page
K-1 Independent Auditors' 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	134-135
K-2 Independent Auditors' 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	136-138
K-3 Schedule of Expenditures of Federal Awards, Schedule A	139
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	140
K-5 Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	141-143
K-6 Schedule of Findings and Questioned Costs	144-145
K-7 Summary Schedule of Prior-Year Audit Findings	146

INTRODUCTORY SECTION

Public Schools of Mt. Olive Township

Larrie Reynolds, Ed.D.
Superintendent
227 US Route 206
Flanders, New Jersey 07836
Tel: (973) 691-4008
Fax (973) 691-4024

Lynn Jones, CPA
Asst. Bus. Admin./Board Secretary
Rt. 46, Budd Lake, NJ 07828
Tel: (973) 691-4008 ext. 8750

David Corso
Business Administrator
Rt. 46, Budd Lake, NJ 07828
Tel: (973) 691-4008 ext. 8200

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, 2016. 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 more than 25,000 residents. The Mount Olive Township School District is the third largest school district in Morris County with an enrollment of nearly 5,000 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 17.8% of the District's original 2016 operating budget while local property taxes accounted for 72.8%. 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 growth has remained steady over the past several years; however, there are currently a few major housing developments at various stages of completion that could impact student enrollment. Overall, 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 and vocational programs, as well as special education programs for students with educational disabilities. A wide variety of in-class support services, resource centers, and self-contained programs are available to 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 and the summer STEM Camp. Vocational course offerings include a wide variety of related arts and business technology programs such as marketing, accounting, architectural drafting and design, robotics, engineering, nutrition and culinary science, woodworking, 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 25 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 2015-16 school year, Mount Olive won 7 conference championships and 16 of the District's athletic programs qualified for state tournaments.

The District recognizes the importance of technology in the world today and every effort is made to provide distance learning opportunities for the students. Virtually all of the classrooms in the District are equipped with computers and have online access. The administration regularly updates the District's technology plan, which includes a description of the new software programs, technology equipment, and infrastructure upgrades that are being implemented and planned for future years.

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 2016 PARCC exams, administered in the spring, the overall percentage of Mount Olive students who "met or exceeded expectations" was 55% higher than the state average in language arts and 36% higher than the state average in math. Tinc Road Elementary School placed in the top 5 percent of all schools in the state of New Jersey on the state PARCC assessment exams and Mt. Olive High School placed in the top 10 percent of New Jersey schools.

In the 2015-16 school year, 270 students from Mount Olive High School took the Scholastic Aptitude Test (SAT). The District's combined average SAT score was 1550, which is 49 points above the state average and 66 points above the national average. Eighty-seven percent of the school's 2016 graduates will be pursuing post-secondary education, with 61% attending four-year colleges and universities. Seven members of the 2016 graduating class were recognized as commended students in the National Merit Scholarship program.

Newsweek recently ranked Mt. Olive High School on their list of the Top 500 High Schools in the nation. Mt. Olive High School ranked 482nd, placing it in the top 3% of the nation's 15,819 public high schools.

Academic/Educational Initiatives

During the 2015-16 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.

Renaissance Star 360 Assessment Program – In September 2015, the District launched the Renaissance Star 360 assessment program, an internal assessment system which provides faculty and staff with vital information concerning student learning progress. The program allows teachers to screen and group students for targeted instruction, measure student growth, predict performance on summative exams, and monitor achievement on Common Core or state standards.

Visible Learning – During the 2015-16 school year, the District implemented “Visible Learning”, a new learning method developed by John Hattie, that is based on a collection of research studies that have been done over several decades. The Visible Learning method advocates that the greatest effects on student learning occur when teachers become learners of their own teaching, and when students become their own teachers. Thus far, the Visible Learning approach has produced very positive results in the Mt. Olive classrooms.

Reduction in Elementary Grading Periods – In an attempt to increase student learning time, the District reduced the number of elementary grading periods from 4 to 3 - the concept being that one fewer grading period would result in fewer tests and assessments, thereby increasing the time devoted to teaching and learning. To compensate for the reduction in student data being delivered to parents, the District increased the number of parent-teacher conferences it conducts each year from 1 to 3, with the first conference being conducted in the customary formal manner, the second conference being completely student-led and learning focused, and the third conference being focused on student performance in the PARCC assessment exams.

Student-Led Conferences – This past school year, the District implemented student-led parent conferences at the elementary level, in which students in grades 1-5 presented work samples such as homework assignments, book reports, essays, and art projects and explained to their parents and teachers what they have been learning in the classroom. The student-led conferences were a very positive experience for the students and teachers and survey responses from parents indicated that the student-led conferences were likewise very well-received.

Engineering Program – This past school year, the high school implemented a Distinguished Pathways Diploma Program for engineering that includes courses such as Introduction to Engineering I, Industrial Design I, Aerospace Engineering, Digital Engineering, and Biomedical Engineering. It is expected that student interest in these programs will lead to additional course offerings for the 2016-2017 school year, such as Level II Engineering and Industrial Design.

Marauder Innovation Learning Lab (MiLL) – In January, the District began a \$2.5 million building renovation to convert the high school’s former auditorium into instructional space. The new instructional space, called the Marauder Innovation Learning Lab (the “MiLL”), 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.

Substitute Incentive Program – In January, the District implemented a new substitute incentive program which awards the equivalent of a full day’s pay to substitute teachers who achieve the highest rankings in select priority areas, such as quality of service, hard-to fill days, and hard-to-fill positions. The program was designed to recognize the critical role substitute teachers play in maintaining the quality and continuity of instruction, thereby attempting to ensure that every teacher absence is filled by a highly capable and conscientious substitute.

Full-Day Kindergarten – In February, the Board of Education voted to conduct a special election to provide residents the opportunity to vote on a plan that would provide full day kindergarten at each of its elementary schools. The referendum, which would provide funds for an addition to Sandshore Elementary School, as well as funding for personnel and other related costs, was defeated in September.

MOTV Upgrades – A new lighting grid and curtain track was installed in the Mt. Olive High School television production studio and the studio was upgraded with a host of powerful digital audio and video recording and editing equipment. The new devices greatly enhanced the television production program and further enhanced the District’s reputation for quality vocational training.

Other Initiatives/Accomplishments

New Administration Building – In July, the Board of Education administrative staff relocated to its new home located at 227 US Route 206 in Flanders NJ. The property is comprised of two three-story buildings – one of which will be used as the new administration building while the other building will be rented as commercial office space.

Other Initiatives/Accomplishments (Cont'd)

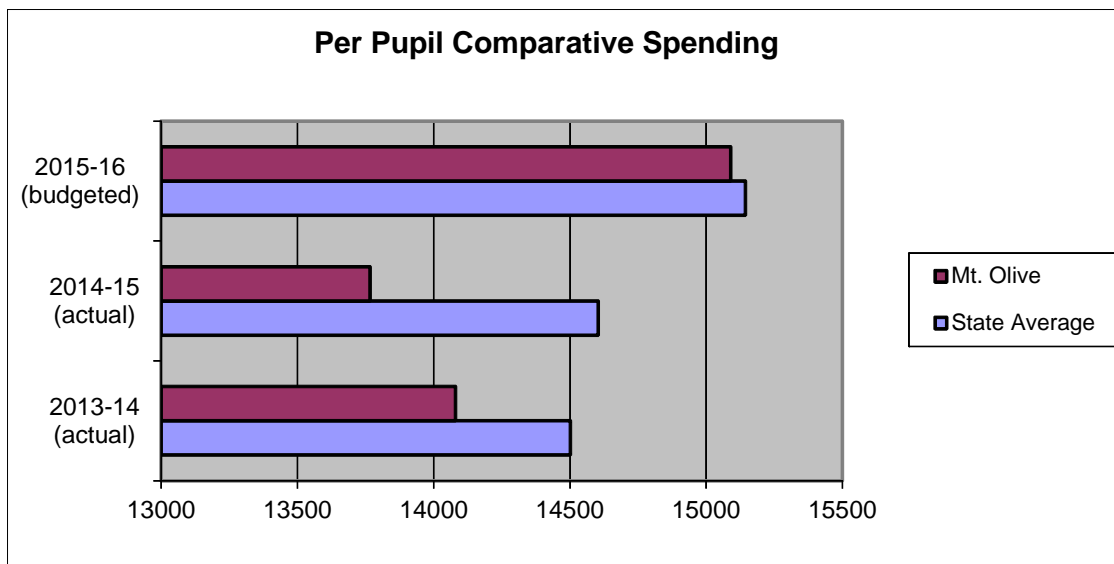
Facility Upgrades – In addition to the MiLL and the new administration building, the District undertook and/or completed a number of capital improvements and facilities upgrades in the 2016 fiscal year. These included bathroom renovations and classroom upgrades at Mt. Olive High School, water system upgrades at Sandshore Elementary School, parking lot renovations at the bus garage, and track and field renovations at Mt. Olive High School. In addition, the Mt. Olive High School roof and window replacement projects, which were started in the previous fiscal year, were completed during the 2015-16 school year.

Administrative Merit Pay Plan – The District implemented an administrative merit pay plan for all certificated administrators in the 2015-16 school year. The purpose of the plan is to inspire high quality administrative outcomes through the provision of a host of new services. The Superintendent oversees the creation, adoption, and execution of meritorious administrative activity throughout the school year.

Staff Recognitions – This past year, two of the District's employees were recognized for their exceptional expertise and work ethic by their state and county associations. Mount Olive High School guidance counselor, Mary Kellam, was selected as the Morris County Counselor of the Year while Mr. Glenn Miller, Supervisor of Buildings and Grounds, was named the New Jersey Facilities Manager of the Year by the New Jersey Buildings and Grounds Association.

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 2015-16 per pupil cost factors were taken from certified budgets on file with the State Department of Education. The report showed that the District budgeted \$15,090 per pupil while the state average for similar districts was \$15,144. Of the 103 districts, the Mount Olive Township School District ranked 50th in budgeted per pupil spending. The following chart illustrates per pupil comparative spending for the last three years. It is interesting to note that while the District's budgeted costs closely approximate the state average, actual costs remain well below the state average, which speaks to the administration's prudent cost control measures.



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.

Internal Accounting Controls (Cont'd)

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.

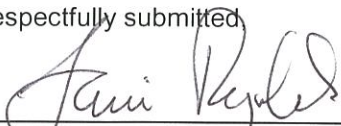
Independent Audit

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

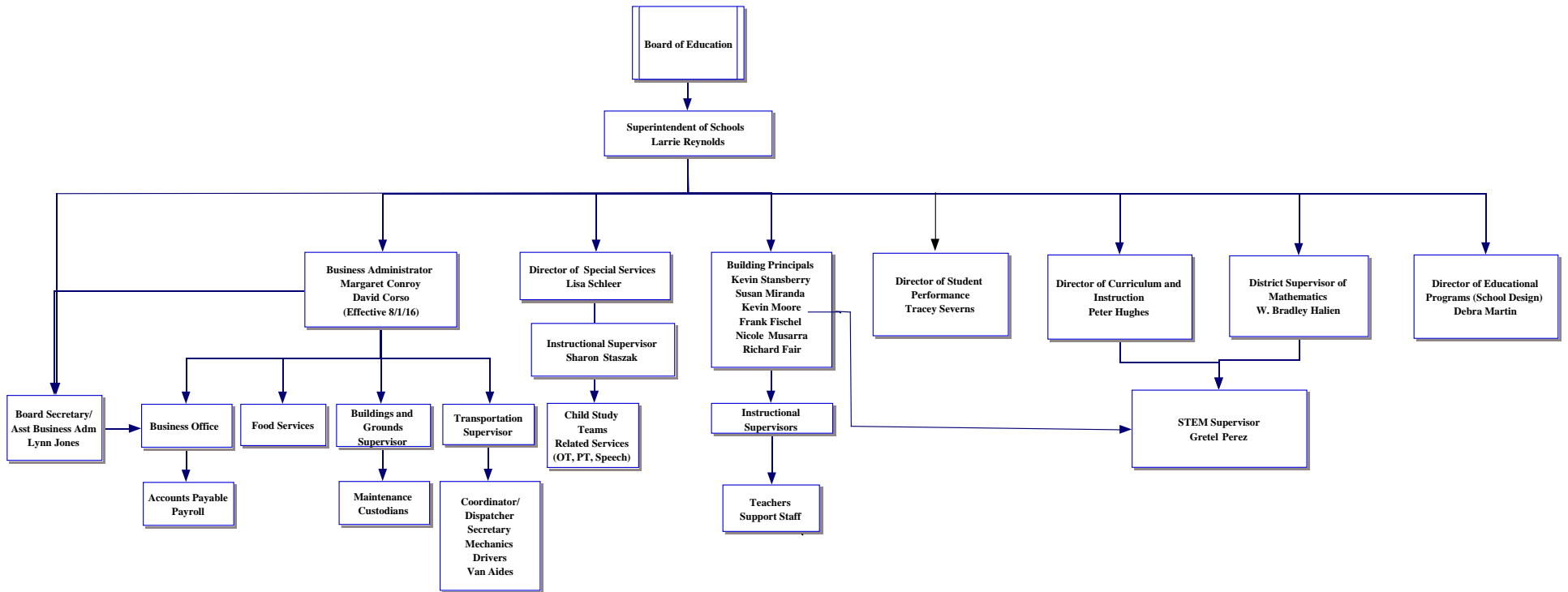


Larrie Reynolds, Ed.D.
Superintendent of Schools



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, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires December 31,</u>
Anthony Giordano, President	2016
Antoine Gayles, Vice-President	2017
Rhonda Lake-Cohen	2018
John Kehmna	2017
Elizabeth Ouimet	2018
William Robinson	2016
Brian Schaechter	2016
Anthony Strillacci	2018
Mark Werner	2017

Other Officials

Larrie Reynolds, Ed.D. Superintendent

Margaret Conroy, SFO, Business Administrator (through 7/31/16)

David Corso, Business Administrator (effective 8/1/16)

Lynn Jones, CPA, Board Secretary/Assistant Business Administrator

Sherry Kolody, Treasurer of School Monies

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

Auditor

Thomas M. Ferry, CPA/RMA
Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442

Attorney

Marc H. Zitomer, Esq.
Schenck, Price, Smith & King, LLP
220 Park Avenue
P.O. Box 991
Florham Park, New Jersey 07932

Bond Counsel

McManimon, Scotland & Baumann, L.L.C.
75 Livingston Avenue
Roseland, NJ 07068

Architect

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

Financial Consultant

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

Risk Management Consultant

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

Official Depositories

Valley National Bank
202 Route 46
Budd Lake, NJ 07828

Sussex Bank
15 Trinity Street
Newton, NJ 07860

FINANCIAL SECTION

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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, 2016, 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 an opinion 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 opinion.

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, 2016, 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 N.J. OMB Circular 15-08 and the 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 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 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.

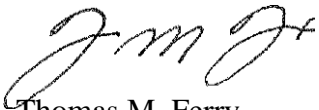
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016 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, Wielkatz, Cerullo & Cuva
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

November 21, 2016

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, 2016
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, 2016. 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 2016 are as follows:

- ❖ Net position at year-end totaled \$16,128,382, which represents an increase of \$3,367,920 over the prior year net position balance of \$12,760,462.
- ❖ Assets increased by \$3,350,159. Current assets such as cash and cash equivalents, accounts receivable, and inventory decreased by \$1,596,378 while capital assets such as land, buildings and machinery and equipment increased by \$4,946,537. The decrease in current assets is largely attributable to a decrease in extraordinary aid receivable, insurance refunds receivable, and SDA grant funds receivable.
- ❖ Liabilities increased \$5,375,605. Current liabilities such as accounts payable, unearned revenue, and accrued interest payable increased by \$1,209,291. The increase in current liabilities is primarily due to a \$1,169,005 accounts payable entry to reflect the District's pension contribution subsequent to the measurement date. 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 \$4,166,314. The increase was mostly due to an increase in the District's net pension liability totaling \$4,936,135.
- ❖ Deferred outflows of resources increased by \$4,460,646 while deferred inflows of resources decreased by \$932,720. Both fluctuations are primarily attributable to changes in assumptions, changes in proportion, differences between expected and actual experience, 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 \$78,199,633, which represents 73% of total revenue. The largest source of revenue for the District continues to be locally assessed property taxes, which accounted for \$66,366,646, or 62%, of total revenue. Program specific revenues in the form of charges for services and grants and contributions totaled \$28,476,558, the remaining 27% of total revenue. Overall, total revenues increased \$5,577,273, or 5.5% over the prior year. Approximately \$4.8 million of the increase is due to the recording of revenue in the amount of \$11,925,809, which represents the State of New Jersey's contractually required 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 \$103,242,106. Of this amount, only \$28,476,558 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 \$78,199,633 were sufficient to provide for the balance of governmental expenses. Overall, expenses increased \$10,281,733, or 11% over the prior year. Again, approximately \$4.8 million of the increase is due to the TPAF adjustment noted above.

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 (i.e., expenses including depreciation and indirect costs) of providing goods or services are financed or recovered primarily through user charges. The District maintains two enterprise funds, which account for all revenues and expenses pertaining to the District's food service operations and summer programs.

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, 2016 and June 30, 2015.

**Table 1
Net Position**

	2016	2015
Assets		
Current and Other Assets	\$14,959,161	\$16,555,539
Capital Assets	73,810,848	68,864,311
Total Assets	88,770,009	85,419,850
Deferred Outflows of Resources	6,970,401	2,509,755
Liabilities		
Current Liabilities	2,843,780	1,634,489
Long-Term Liabilities	76,181,171	72,014,857
Total Liabilities	79,024,951	73,649,346
Deferred Inflows of Resources	587,077	1,519,797
Net Position		
Invested in Capital Assets, Net of Related Debt	32,141,123	27,337,107
Restricted	10,301,504	9,865,271
Unrestricted/(Deficit)	(26,314,245)	(24,441,916)
Total Net Position	\$16,128,382	\$12,760,462

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, 2016 the District's investment in capital assets, net of depreciation, amounted to \$73,810,848 while the District's outstanding related debt amounted to \$41,669,725, resulting in a net investment in capital assets of \$32,141,123.

Another significant portion of the District's combined net position represents resources that are subject to external restrictions. The restricted net position balance of \$10,301,504 has been earmarked for the following purposes:

- \$5,965,444 is restricted for capital projects. This amount represents funds set aside for capital projects that are partially funded by SDA grant funds and amounts included in the capital reserve account.
- \$4,588 is restricted to pay future debt service obligations.
- \$4,331,472 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, \$2,140,453 has been appropriated and included as anticipated revenue in the General Fund budget for the fiscal year ending June 30, 2017.

The remaining unrestricted deficit balance of \$26,314,245 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 \$26,744,742. However, this does not indicate that the District is facing financial difficulties as the District's overall financial position improved by \$3,367,920 in the current year. Table 2 provides a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

**Table 2
Changes in Net Position**

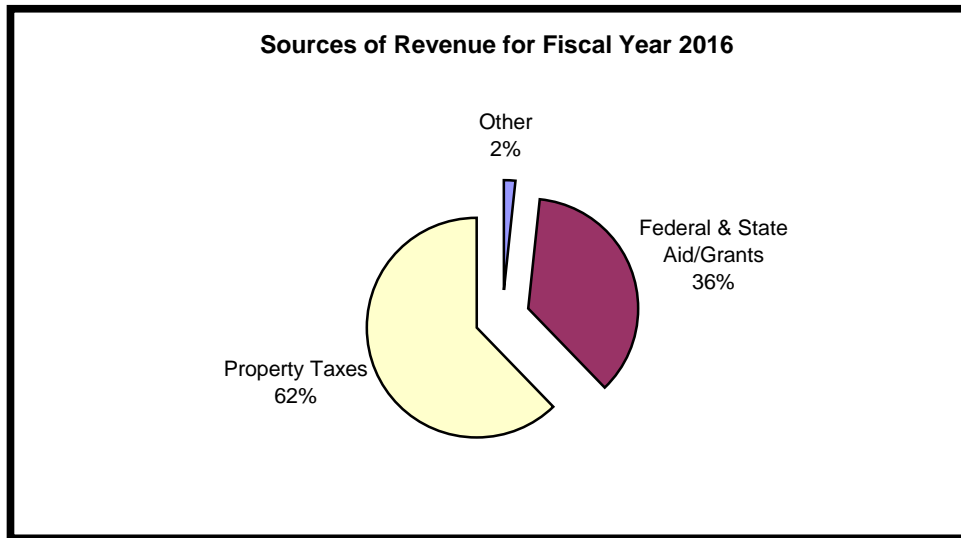
	2016	2015
Revenues		
Program Revenues:		
Charges for services	\$1,711,870	\$1,204,582
Grants and contributions	26,764,688	22,691,748
General revenues:		
Property taxes	66,366,646	65,451,446
Grants and entitlements	11,680,396	11,672,926
Other	152,591	78,216
Total Revenues	106,676,191	101,098,918
Program Expenses		
Instruction	55,095,859	48,273,384
Support Services:		
Pupils and instructional staff	16,292,389	15,873,256
General administration, school administration, business and other support services	9,609,598	8,611,424
Plant operations and maintenance	13,818,421	12,084,724
Pupil transportation	5,616,420	5,188,897
Interest and other debt related charges	1,395,096	1,714,681
Food service operations	987,989	1,027,741
Other	426,334	186,266
Total Program Expenses	103,242,106	92,960,373
Extraordinary Items		
Revaluation, sale and/or disposal of capital assets	(66,165)	(1,283,932)
Increase in Net Position	\$3,367,920	\$6,854,613

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 bonds, loans, notes, and capital leases totaling \$3,602,316.
- Investments in capital assets exceeded depreciation on capital assets by \$5,012,702.
- Refunded bonds payable exceeded new debt issued by \$2,360,000.
- The District entered into a lease agreement for Building #2 of the administrative complex, which has been valued at \$1,700,000.

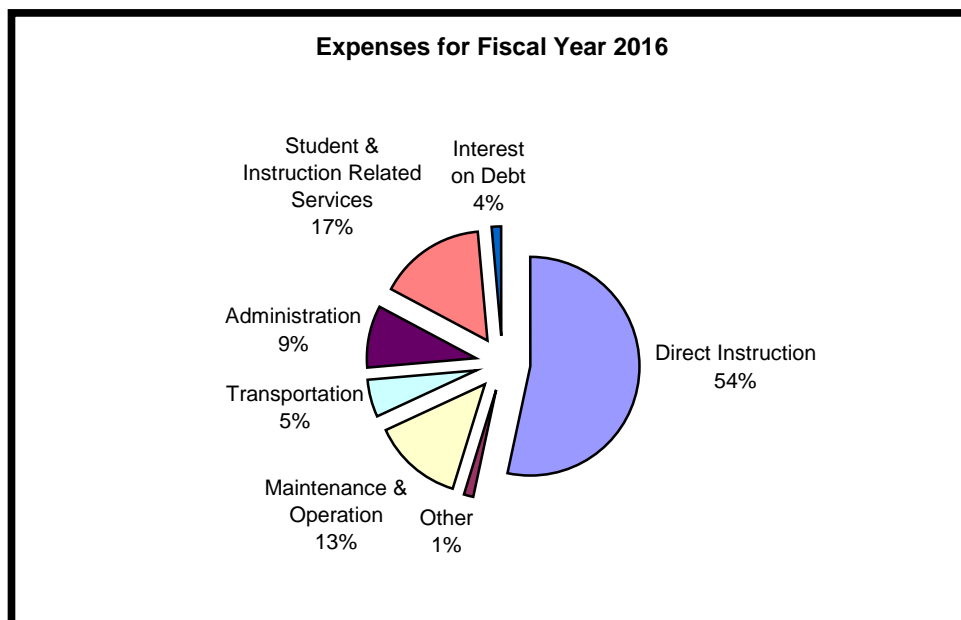
Revenues

Property taxes made up 62 percent of total revenue for the Mount Olive Township School District for the fiscal year 2016. Federal, state, and local aid and grants accounted for 36 percent of revenue. The remaining 2 percent 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 2016:



Expenses

The total cost of all programs and services was \$103,242,106. Direct instruction and instruction related services comprised 71% of the District's total expenses. The following chart illustrates the District's expenses for the fiscal year 2016:



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 and the activities of the food service operations, summer school, summer STEM camp, and the rental of Building #2 at the administrative complex.

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 \$87,899,797 and expenditures and other financing uses totaled \$90,315,217, resulting in a net decrease in fund balance of \$2,415,420. The decrease was mainly attributable to the transfer of \$3 million to the Capital Projects Fund to finance the new Marauder Innovation Learning Lab (MiLL) and recording studio.
- ❖ In the General Fund, the year-end fund balance amounted to \$12,657,578. Of this amount, \$5,364,532 has been restricted for capital reserve, \$4,331,472 has been restricted as excess surplus which will be appropriated and included as anticipated revenue in future operating budgets, \$95,229 is committed for specific purposes approved by the Board, \$1,146,390 is assigned for subsequent year's expenditures; and \$413,307 is assigned for year-end encumbrances. The remaining balance of \$1,306,648 is unassigned and represents the maximum undesignated/unreserved (2%) fund balance of \$2,788,943 less the final state aid payment of \$1,482,295 which is not recognized for GAAP purposes.
- ❖ In the Special Revenue Fund, revenues and expenditures totaled \$1,379,963, 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 \$3,116,929 and expenditures totaled \$2,658,456, resulting in a net increase in fund balance of \$458,473. The year-end fund balance of \$600,912 represents the unexpended balance of the Board's \$3 million investment in the new Marauder Innovation Learning Lab (MiLL) and recording studio.
- ❖ In the Debt Service Fund, revenues and other financing sources totaled \$23,229,273 while expenditures and other financing uses totaled \$23,368,899, resulting in a net decrease in fund balance of \$139,626. The year-end fund balance amounted to \$153,709, 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 and other financing sources totaled \$1,064,192 and expenses totaled \$987,989, resulting in an increase in net position of \$76,203. Charges for services, which represent amounts paid by patrons for meals, amounted to 66% of total revenue. Non-operating revenues, which include state and federal subsidies and interest earnings, accounted for the remaining 34% of total revenue. Personnel costs, including payroll taxes and employee benefits, and cost of sales accounted for 86% of operating expenses. In response to several years of net losses, the Board hired an outside food service management company to oversee its food service operations in the 2015 fiscal year. The measure has proved largely successful as the Food Service Fund generated a net income of \$47,387 and \$76,203 the past two fiscal years.
- ❖ Revenues from summer programs totaled \$144,196 and expenses totaled \$147,656, resulting in a net decrease in net position of \$3,460. 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 78% of operating expenses. The summer STEM camp, which produced a net income of \$9,932, proved to be more profitable than the remedial summer school program, which sustained a net loss of \$13,392.
- ❖ In July 2015, the Board of Education finalized the purchase of an administrative office complex located at 227 US Route 206 in Flanders NJ. The property is comprised of two three-story buildings – one of which is being used as the new administration building, while the other building is being rented as commercial office space. As a result, a new Enterprise Fund was created to account for the revenues and expenses of the rental properties. Charges for services, which represent amounts paid by renters for office space, amounted to \$346,462, or 100% of total revenue. Operating expenses, such as building management fees, real estate taxes, utilities, and maintenance and repairs amounted to \$223,046, thereby resulting in a net income of \$123,416 for the 2016 fiscal year.

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, 2016 and the amount and percentage of increase/(decrease) in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2015</u>	<u>Percentage Increase (Decrease)</u>
Local Sources	\$67,031,214	71.94%	\$1,059,705	1.61%
State Sources	24,689,601	26.49%	(703,250)	-2.77%
Federal Sources	1,465,683	1.57%	39,784	2.79%
	<u>\$93,186,498</u>	<u>100.00%</u>	<u>\$396,239</u>	<u>0.43%</u>

The increase in local sources is primarily attributable to an increase in the local tax levy of \$915,200. Local property taxes comprised 73% of the District's original operating budget and 88% of the District's debt service budget. In total, local taxes comprised 99% of the District's local revenues and 71% of the District's total revenues. Revenue from other local sources, such as tuition income, interest earnings, transportation fees, and other miscellaneous income increased \$144,505.

The decrease in state sources is primarily attributable to a decrease in capital grants totaling \$1,266,435. Revenues from capital grants can fluctuate dramatically from year to year depending upon the status and/or number of school facilities projects receiving funding under the Education Facilities Construction and Financing Act (EFCFA). The District also experienced a \$504,784 decrease in extraordinary aid and a decrease in debt service aid of \$116,049. These decreases were partially offset by increases in state on-behalf pension, social security, and post-retirement medical benefits totaling \$1,186,319.

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, 2016 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 2015</u>	<u>Percentage Increase (Decrease)</u>
Current:				
Distributed Expenditures-Instruction	\$32,102,042	33.37%	\$1,540,639	5.04%
Undistributed Expenditures	50,805,693	52.81%	2,563,608	5.31%
Capital Outlay	8,395,312	8.73%	124,269	1.50%
Debt Service	4,892,677	5.09%	9,609	0.20%
	<u>\$96,195,724</u>	<u>100.00%</u>	<u>\$4,238,125</u>	<u>4.61%</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. Like most service entities, salaries comprise the vast majority of the District's expenses. Salary increases are the result of negotiated pay rates and column movements, coupled with the need for additional instructional staff to meet the demands of the educational program and students with special needs. Overall, salary increases associated with the instructional programs increased \$886,285, comprising more than half of the increase from 2015.

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. The increase in undistributed expenditures is mostly attributable to an increase in state on-behalf payments for TPAF pension, post-retirement medical benefits, and social security contributions. This increase totaled \$1,186,319 and comprised 46% of the increase in undistributed expenditures. Increases in salaries and employee benefits comprised an additional \$896,869 – another 35% of the increase in undistributed expenditures.

Capital Outlay includes machinery and equipment purchases greater than \$2,000, facilities acquisition and construction services, and assets acquired under capital leases. The significant expenditure in capital outlay reflects the District's continued commitment to improve its facilities, to upgrade its fleet of vehicles, and to provide enhanced technology to its students. During the 2016 fiscal year, machinery and equipment purchases totaled \$1,114,739 and facilities acquisition and construction services totaled \$6,370,573. The District also entered into capital leases totaling \$910,000 for the purchase of school buses and LED lighting improvements at Mt. Olive Middle School.

In July 2015, the Board finalized the purchase of an administrative office complex located at 227 US Route 206 in Flanders NJ. The property is comprised of two three-story buildings – one of which is being used as the new administration building, while the other building is being rented as commercial office space.

In January, the District began a \$2.5 million building renovation to convert the high school's former auditorium into instructional space. The new instructional space, called the Marauder Innovation Learning Lab (the "MiLL"), 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.

In addition to the MiLL and the new administration building, the District undertook and/or completed a number of capital improvements and facilities upgrades in the 2016 fiscal year. These included bathroom renovations and classroom upgrades at Mt. Olive High School, water system upgrades at Sandshore Elementary School, parking lot renovations at the bus garage, and track and field renovations at Mt. Olive High School. In addition, the Mt. Olive High School roof and window replacement projects, which were started in the previous fiscal year, were completed during the 2015-16 school year.

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 2016 fiscal year, the District's principal payments increased by \$40,000 while associated interest payments decreased by \$30,391.

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 70 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 2015-2016 General Fund budget:

- On-behalf TPAF pension, post retirement medical benefits, and social security contributions 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 TPAF pension, post retirement medical benefits and social security contributions, revenues exceeded budgeted estimates by \$1,547,076, or 2% of anticipated revenues. The excess is largely attributable to extraordinary aid, which amounted to \$1,133,203 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 2016 fiscal year tuition income exceeded budgeted estimates by \$295,088.
- Interest income is budgeted based on historical cash balances and existing interest rates. For the 2016 fiscal year, interest income exceeded budgeted estimates by \$38,942.
- Transportation fees are derived from transportation jointures with surrounding school districts and from fees charged to the Township Recreation Department, the Mount Olive Child Care and Learning Center, and other organizations. In the 2016 fiscal year, budgeted estimates exceeded actual revenues by \$5,773. The transportation department routinely monitors their routes to maximize efficiency.
- Miscellaneous income includes revenue collected for book fines, parking permit fees, facilities usage, prior year tuition adjustments, prior year refunds, and the sale and/or lease of property. Miscellaneous income can fluctuate dramatically from year to year, based on the uncertain nature of these receipts. In the 2016 fiscal year, actual revenues exceeded budgeted estimates by \$25,828.
- Categorical state aid remained unchanged from the prior year at \$15,182,004.
- Excluding capital leases and state on-behalf payments, unexpended budget appropriations totaled \$4,810,586, or 5.8% of the final budget. Of this amount, \$508,536 has been reserved for encumbrances, which will be expended in the subsequent fiscal year. Balances remaining in under-expended line items were sufficient to cover those line items requiring additional funds. As a result, the Board did not authorize any additional appropriations during the 2015-16 fiscal year.
- The 2015-16 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. 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 2015-16 school year, the Board sought County authorization to exceed the 10 percent transfer limit once – to hire an Assistant Business Administrator for the final two months of the fiscal year.

Capital Assets

In June, the Board of Education entered into a contract with Acclaim Inventory LLC to conduct a full physical inventory and revaluation of its capital assets. At June 30, 2016, the District had \$73,810,848 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)**

	2016	2015
Land	\$ 2,034,870	\$ 703,670
Site and site improvements	4,648,948	4,435,067
Building and building improvements	62,670,412	60,405,577
Furniture, equipment and machinery	4,456,618	3,319,997
Total Capital Assets	\$ 73,810,848	\$ 68,864,311

Overall, the District invested \$9,329,649 in capital assets for the fiscal year 2016. Of this amount, \$1,331,200 was invested in land, \$546,690 was invested in site and site improvements, \$5,656,749 was invested in building and building improvements, and \$1,795,010 was invested in furniture, equipment, and machinery. Depreciation expense for the current fiscal year totaled \$4,316,947. The sale and/or disposition of capital assets resulted in a net reduction totaling \$66,165.

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, 2016, the District had \$76,181,171 in long-term outstanding debt, of which \$5,847,182 is due within one year. The following table illustrates the District's outstanding debt at June 30, 2016 and June 30, 2015.

**Table 4
Outstanding Debt**

	2016	2015
Outstanding Bonds, Loans and Notes		
1998 Trust Loan – Sewer Connection Project	\$ 50,000	\$ 95,000
2006 Refunding Bonds - High School Additions and Renovations	30,000	8,915,000
2007 Refunding Bonds - High School Additions and Renovations	45,000	9,225,000
2011 Refunding Bonds - ERIP Liability	970,000	1,145,000
2012 Refunding Bonds - High School Additions and Renovations	4,880,000	6,020,000
2014 Refunding Bonds – Mt. Olive Middle School/District Expansion	14,905,000	16,735,000
2016 Refunding Bonds - High School Additions and Renovations	7,540,000	-
2016 Refunding Bonds - High School Additions and Renovations	8,095,000	-
Other Noncurrent Liabilities		
Capital Leases Payable	1,104,888	537,204
Building Lease Payable	1,700,000	-
Net Pension Liability	30,438,404	25,502,269
Unamortized Bond Issuance Premium	4,761,585	2,382,983
Accrued Compensated Absences Payable	1,661,294	1,457,401
Total Long-term Outstanding Debt	\$ 76,181,171	\$ 72,014,857

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 \$121,481,824, resulting in an available borrowing margin of \$85,016,824 at June 30, 2016.

At June 30, 2016 the District had no authorized but not issued 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 2016 operating budget while local property taxes accounted for 73%. 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 growth has remained steady over the past several years; however, there are currently a few major housing developments at various stages of completion that could impact student enrollment. Overall, 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 and has decided to investigate realignment as a Board goal. The District 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, the International Brotherhood of Teamsters Local 97, and the Mt. Olive Administrators and Supervisors Association. All labor agreements are currently settled. 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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents (Note 3)	\$ 6,519,180	\$ 581,896	\$ 7,101,076
Receivables, net (Note 5)	1,677,344	21,810	1,699,154
Internal balances (Note 6)	4,000	(4,000)	-
Inventory (Note 7)	-	26,206	26,206
Restricted assets:			
Cash and cash equivalents (Note 3)	758,837	9,356	768,193
Capital reserve account - cash (Note 4)	5,364,532	-	5,364,532
Capital assets, non-depreciable (Note 8)	1,383,670	651,200	2,034,870
Capital assets, depreciable, net (Note 8)	70,733,285	1,042,693	71,775,978
Total Assets	86,440,848	2,329,161	88,770,009
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on defeasance of debt (Note 10)	1,520,657	-	1,520,657
Deferred amounts related to PERS pension liability (Note 12)	5,449,744	-	5,449,744
Total Deferred Outflows of Resources	6,970,401	-	6,970,401
LIABILITIES			
Current liabilities:			
Accounts payable	2,071,347	57,446	2,128,793
Unearned revenue	9,352	112,182	121,534
Accrued interest payable	519,503	73,950	593,453
Long-term liabilities, net (Note 9):			
Due within one year	5,763,021	84,161	5,847,182
Due beyond one year	68,716,704	1,617,285	70,333,989
Total Liabilities	77,079,927	1,945,024	79,024,951
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to PERS pension liability (Note 12)	587,077	-	587,077
Total Deferred Inflows of Resources	587,077	-	587,077
NET POSITION			
Net investment in capital assets (Note 11)	32,147,230	(6,107)	32,141,123
Restricted for:			
Capital projects	5,965,444	-	5,965,444
Debt service	4,588	-	4,588
Excess surplus	4,331,472	-	4,331,472
Unrestricted/(Deficit)	(26,704,489)	390,244	(26,314,245)
Total Net Position	\$ 15,744,245	\$ 384,137	\$ 16,128,382

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, 2016

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	\$ 39,955,470	\$ 11,700	\$ 11,443,734	\$ -	\$ (28,500,036)	\$ -	\$ (28,500,036)
Special education programs	11,266,201	375,088	6,403,040	-	(4,488,073)	-	(4,488,073)
Other instructional programs	2,214,619	-	862,613	-	(1,352,006)	-	(1,352,006)
School sponsored programs	1,625,029	-	54,641	-	(1,570,388)	-	(1,570,388)
Community services programs	34,540	-	-	-	(34,540)	-	(34,540)
Support services:							
Tuition	2,512,784	-	1,133,500	-	(1,379,284)	-	(1,379,284)
Student & instruction related services	13,779,605	-	3,634,708	-	(10,144,897)	-	(10,144,897)
School administrative services	5,866,902	-	1,508,081	-	(4,358,821)	-	(4,358,821)
Other administrative services	3,742,696	-	211,184	-	(3,531,512)	-	(3,531,512)
Plant operations and maintenance	13,818,421	124,822	93,288	90,547	(13,509,764)	-	(13,509,764)
Pupil transportation	5,616,420	6,227	507,001	-	(5,103,192)	-	(5,103,192)
Unallocated depreciation	55,632	-	-	-	(55,632)	-	(55,632)
Interest and other debt related charges	1,395,096	-	462,710	-	(932,386)	-	(932,386)
Total governmental activities	101,883,415	517,837	26,314,500	90,547	(74,960,531)	-	(74,960,531)
Business-type activities:							
Food service	987,989	703,531	359,641	-	-	75,183	75,183
Summer programs	147,656	144,040	-	-	-	(3,616)	(3,616)
Property rentals	223,046	346,462	-	-	-	123,416	123,416
Total business-type activities	1,358,691	1,194,033	359,641	-	-	194,983	194,983
Total primary government	\$ 103,242,106	\$ 1,711,870	\$ 26,674,141	\$ 90,547	\$ (74,960,531)	\$ 194,983	\$ (74,765,548)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 62,080,892	\$ -	\$ 62,080,892
Taxes levied for debt service					4,285,754	-	4,285,754
Federal and State aid not restricted					11,680,396	-	11,680,396
Investment earnings					70,942	875	71,817
Miscellaneous income					80,774	-	80,774
Sale and/or disposal of capital assets					(66,165)	-	(66,165)
Transfers					(301)	301	-
Total general revenues, special items, extraordinary items and transfers					78,132,292	1,176	78,133,468
Change in Net Position					3,171,761	196,159	3,367,920
Net Position - Beginning					12,572,484	187,978	12,760,462
Net Position - Ending					\$ 15,744,245	\$ 384,137	\$ 16,128,382

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, 2016

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and cash equivalents	\$ 6,519,180	\$ -	\$ -	\$ -	\$ 6,519,180
Restricted cash and cash equivalents	5,364,532	-	605,128	153,709	6,123,369
Due from other funds	198,842	-	-	-	198,842
Receivables from other governments	1,288,811	282,228	-	-	1,571,039
Other accounts receivable	106,305	-	-	-	106,305
Total assets	<u>\$ 13,477,670</u>	<u>\$ 282,228</u>	<u>\$ 605,128</u>	<u>\$ 153,709</u>	<u>\$ 14,518,735</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 813,397	\$ 77,029	\$ -	\$ -	\$ 890,426
Deposits payable	6,695	-	-	-	6,695
Due to other funds	-	195,847	4,216	-	200,063
Unearned revenue	-	9,352	-	-	9,352
Total liabilities	<u>820,092</u>	<u>282,228</u>	<u>4,216</u>	<u>-</u>	<u>1,106,536</u>
Fund balances:					
Restricted for:					
Capital reserve	5,364,532	-	-	-	5,364,532
Excess surplus - current year	2,191,019	-	-	-	2,191,019
Excess surplus - designated for subsequent year expenditures	2,140,453	-	-	-	2,140,453
Capital projects	-	-	600,912	-	600,912
Debt service	-	-	-	4,588	4,588
Committed to:					
Other purposes	95,229	-	-	-	95,229
Assigned to:					
Unreserved - designated for subsequent year expenditures	1,146,390	-	-	149,121	1,295,511
Other purposes	413,307	-	-	-	413,307
Unassigned	1,306,648	-	-	-	1,306,648
Total fund balances	<u>12,657,578</u>	<u>-</u>	<u>600,912</u>	<u>153,709</u>	<u>13,412,199</u>
Total liabilities and fund balances	<u>\$ 13,477,670</u>	<u>\$ 282,228</u>	<u>\$ 605,128</u>	<u>\$ 153,709</u>	<u>\$ 14,518,735</u>

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, 2016

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

Total fund balances - governmental funds \$ 13,412,199

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	\$126,357,406	
Accumulated depreciation	(54,240,451)	
	<u>72,116,955</u>	72,116,955

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	781,858	
	<u>(4,761,585)</u>	(4,761,585)

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	(272,352)	
	<u>1,520,657</u>	1,520,657

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	(30,438,404)	
Deferred Outflows - difference in experience - pensions	726,153	
Deferred Outflows - changes in assumptions - pensions	3,268,841	
Deferred Outflows - changes in proportion - pensions	285,745	
Deferred Inflows - investment gains - pensions	(489,391)	
Deferred Inflows - changes in proportion - pensions	(97,686)	
	<u>(26,744,742)</u>	(26,744,742)

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	(36,465,000)	
Loans payable	(50,000)	
Capital leases payable	(1,104,888)	
Accrued interest on bonds, notes, and capital leases	(519,503)	
Accrued compensated absences	(1,659,848)	
	<u>(39,799,239)</u>	(39,799,239)

Net position of governmental activities \$ 15,744,245

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, 2016

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local sources:					
Local tax levy	\$ 62,080,892	\$ -	\$ -	\$ 4,285,754	\$ 66,366,646
Tuition charges	375,088	-	-	-	375,088
Interest on investments	52,590	-	-	-	52,590
Interest earned on capital reserve funds	18,352	-	-	-	18,352
Transportation fees	6,227	-	-	-	6,227
Miscellaneous	206,328	4,350	-	1,633	212,311
Total - Local Sources	62,739,477	4,350	-	4,287,387	67,031,214
State sources	24,136,344	-	90,547	462,710	24,689,601
Federal sources	90,070	1,375,613	-	-	1,465,683
Total revenues	86,965,891	1,379,963	90,547	4,750,097	93,186,498
EXPENDITURES					
Current:					
Regular instruction	23,010,181	4,497	-	-	23,014,678
Special education instruction	6,006,639	587,402	-	-	6,594,041
Other instructional programs	1,080,310	198,484	-	-	1,278,794
School sponsored programs	1,176,639	3,350	-	-	1,179,989
Community services programs	34,540	-	-	-	34,540
Support services and undistributed costs:					
Tuition and transfers to charter schools	2,512,487	297	-	-	2,512,784
Student & instruction related services	7,852,549	467,012	-	-	8,319,561
School administrative services	3,394,550	-	-	-	3,394,550
Other administrative services	2,831,023	-	-	-	2,831,023
Plant operations and maintenance	7,607,741	-	-	-	7,607,741
Pupil transportation	4,501,053	-	-	-	4,501,053
Unallocated employee benefits	21,539,076	99,905	-	-	21,638,981
Capital outlay	5,741,746	19,016	2,634,550	-	8,395,312
Debt service:					
Principal	-	-	-	3,260,000	3,260,000
Interest and other charges	-	-	-	1,632,677	1,632,677
Total expenditures	87,288,534	1,379,963	2,634,550	4,892,677	96,195,724
Excess (Deficiency) of revenues over (under) expenditures	(322,643)	-	(2,544,003)	(142,580)	(3,009,226)
OTHER FINANCING SOURCES (USES)					
Refunding Bond Issue:					
Refunding bonds	-	-	-	15,635,000	15,635,000
Original issue premium	-	-	-	2,844,176	2,844,176
Payment to refunded bond escrow agent	-	-	-	(18,356,547)	(18,356,547)
Costs of issuance	-	-	-	(119,675)	(119,675)
Capital Leases (non-budgeted)	910,000	-	-	-	910,000
Operating Transfers:					
Transfers in	23,906	-	3,026,382	-	3,050,288
Transfers out	(3,026,683)	-	(23,906)	-	(3,050,589)
Total other financing sources and uses	(2,092,777)	-	3,002,476	2,954	912,653
Net change in fund balances	(2,415,420)	-	458,473	(139,626)	(2,096,573)
Fund balance—July 1	15,072,998	-	142,439	293,335	15,508,772
Fund balance—June 30	<u>\$ 12,657,578</u>	<u>\$ -</u>	<u>\$ 600,912</u>	<u>\$ 153,709</u>	<u>\$ 13,412,199</u>

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, 2016

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) \$ (2,096,573)

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 allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 7,629,649	
Depreciation expense	<u>(4,287,811)</u>	3,341,838

The disposition of capital assets is not recorded in the governmental funds since capital outlays are reported as expenditures in the year purchased. However, in the statement of activities, the disposition of capital assets is recorded as an extra-ordinary item, net of the asset's book value.

Cost of capital assets	(427,589)	
Accumulated depreciation	<u>361,424</u>	(66,165)

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.

Capital leases	(910,000)	
Lease payments	<u>342,316</u>	(567,684)

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

3,260,000

Transactions related to advanced refundings are reported as financing sources/uses in the governmental funds and thus contribute to the change in fund balances. In the statement of net position, refunding bonds are reported as an adjustment to long-term liabilities.

Refunding bonds	(15,635,000)	
Payment to refunded bond escrow agent	<u>18,356,547</u>	2,721,547

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.

Original issue premium	(2,844,176)	
Amortization expense	<u>390,439</u>	(2,453,737)

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 deferred interest, which is amortized over the life of the bonds.

(123,480)

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.

236,679

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

Change in net pension liability	(4,936,135)	
Changes in experience - pensions	726,153	
Changes in assumptions - pensions	2,466,913	
Changes in proportion - pensions	(64,357)	
Investment gains - pensions	1,030,406	
Investment gains - pensions	<u>(97,686)</u>	(874,706)

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 (+).

(205,958)

Change in net position of governmental activities

\$ 3,171,761

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, 2016

	Business-type Activities - Non-Major <u>Total</u> <u>Enterprise Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 581,896
Restricted cash and cash equivalents	9,356
Intergovernmental accounts receivable	16,668
Other accounts receivable	5,142
Inventories	26,206
Total current assets	<u>639,268</u>
Noncurrent assets:	
Capital assets	2,097,271
Less accumulated depreciation	<u>403,378</u>
Total noncurrent assets	<u>1,693,893</u>
Total assets	<u>2,333,161</u>
LIABILITIES	
Accounts payable	48,090
Interfund payable	4,000
Unearned revenue	112,182
Deposits payable	9,356
Capital leases payable	1,700,000
Accrued interest payable	73,950
Compensated absences payable	1,446
Total liabilities	<u>1,949,024</u>
NET POSITION	
Invested in capital assets, net of related debt	(6,107)
Unrestricted	390,244
Total net position	<u>\$ 384,137</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, 2016

	Business-type Activities - Non-Major <u>Total</u> <u>Enterprise Funds</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 691,776
Daily sales - non-reimbursable programs	11,755
Rental income	346,462
Tuition	144,040
Total operating revenues	<u>1,194,033</u>
Operating expenses:	
Salaries and other personnel costs	479,008
Payroll taxes and employee benefits	98,010
Management fees	56,450
Cost of sales	388,822
Supplies and materials	50,326
Depreciation	29,136
Maintenance and repairs	34,039
Real estate taxes	45,024
Other purchased services	48,393
Utilities	41,694
Interest expense	73,950
Other objects	13,839
Total operating expenses	<u>1,358,691</u>
Operating loss	<u>(164,658)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	8,128
Federal sources:	
School breakfast program	24,393
National school lunch program	247,466
After school snack program	1,252
Special milk program	1,141
Food donation program	77,261
Interest income	875
Total nonoperating revenues	<u>360,516</u>
Net income	195,858
Other financing sources:	
Transfer from General Fund	<u>301</u>
Change in net position	196,159
Total net position - beginning	<u>187,978</u>
Total net position - ending	<u>\$ 384,137</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, 2016

	Business-type Activities - Non-Major <hr/> Total <hr/> Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,187,506
Payments for employees and employee benefits	(590,331)
Payments to suppliers for goods and services	(634,081)
Net cash used in operating activities	<hr/> <u>(36,906)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State sources	8,651
Federal sources	283,144
Management subsidy	24,319
Transfer from General Fund	301
Net cash provided by non-capital financing activities	<hr/> <u>316,415</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	875
Net increase (decrease) in cash and cash equivalents	<hr/> 280,384
Cash and cash equivalents - beginning of year	301,512
Cash and cash equivalents - end of year	<hr/> <u>\$ 581,896</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (164,658)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	29,136
Food donation program	77,261
Increase in accounts receivable, net	(5,142)
Increase in inventories	(14,612)
Decrease in accounts payable, net	(20,275)
Decrease in deferred revenue	(14,501)
Increase in accrued interest payable	73,950
Decrease in compensated absences payable	(2,065)
Increase in due to/from other funds	4,000
Total adjustments	<hr/> 127,752
Net cash used in operating activities	<hr/> <u>\$ (36,906)</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, 2016

	Total Agency Funds	Total Trust Funds	Total Trust and Agency Funds
ASSETS			
Cash and cash equivalents	\$ 408,565	\$ 277,200	\$ 685,765
Accounts receivable	7,262	-	7,262
Interfund receivable	8,079	-	8,079
Total assets	<u>423,906</u>	<u>277,200</u>	<u>701,106</u>
LIABILITIES			
Accounts payable	18,249	26,335	44,584
Payroll deductions and withholdings	12,300	-	12,300
Interfund payable	2,858	-	2,858
Due to student groups	390,499	-	390,499
Total liabilities	<u>423,906</u>	<u>26,335</u>	<u>450,241</u>
NET POSITION			
Held in trust for unemployment claims	-	226,500	226,500
Held in trust for medical and dependent care claims	<u>-</u>	<u>24,365</u>	<u>24,365</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 250,865</u>	<u>\$ 250,865</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, 2016

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust	Total Trust Funds
ADDITIONS:			
Contributions:			
Plan members	\$ 131,272	\$ 74,556	\$ 205,828
Board contributions	80,000	-	80,000
Total contributions	<u>211,272</u>	<u>74,556</u>	<u>285,828</u>
Investment earnings:			
Interest	622	61	683
Total investment earnings	<u>622</u>	<u>61</u>	<u>683</u>
Other income:			
Miscellaneous	-	2,439	2,439
Total other income	<u>-</u>	<u>2,439</u>	<u>2,439</u>
Total additions	<u>211,894</u>	<u>77,056</u>	<u>288,950</u>
DEDUCTIONS:			
Quarterly contribution reports	53,543	-	53,543
Unemployment claims	65,069	-	65,069
Qualified medical and dependent care claims	-	76,081	76,081
Service charges	-	2,971	2,971
Total deductions	<u>118,612</u>	<u>79,052</u>	<u>197,664</u>
Change in net position	93,282	(1,996)	91,286
Net position-beginning of the year	<u>133,218</u>	<u>26,361</u>	<u>159,579</u>
Net position-end of the year	<u>\$ 226,500</u>	<u>\$ 24,365</u>	<u>\$ 250,865</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, 2016

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

Governmental Accounting Standards Board 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. In the current fiscal year, there were no additional entities required to be included in the reporting entity under the criteria described above. 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, 2016
(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, 2016
(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, 2016
(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, 2016
(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 Schedules C-3 and F-2 in the required supplementary information section of this report.

D. Cash and Cash Equivalents and Investments:

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

N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value of 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 the other public depositories, is available to pay the full amount of their deposits to 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, 2016
 (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, 2016
 (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, 2016 the District had restricted fund balances of \$5,965,444 for capital projects, \$4,588 for future debt service payments, and \$4,331,472 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, 2016 the District had committed resources totaling \$95,229 for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Purchase of equipment for the new recording studio at Mt. Olive High School	\$41,879
Purchase of auditorium style seating for the new performance area at Mt. Olive High School	43,550
Updated capital asset inventory appraisal	3,500
Updated demographic report	6,300
	<u>\$95,229</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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, 2016 the District had assigned resources for outstanding encumbrances totaling \$413,307 and for amounts designated for subsequent year's expenditures totaling \$1,146,390.

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, 2016 the District had unassigned resources totaling \$1,306,648. 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, 2016 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, 2016 the District had fund balance restricted for excess surplus in the amount of \$4,331,472. Of this amount, \$2,140,453 has been appropriated and included as anticipated revenue in the 2016-2017 budget and \$2,191,019 will be appropriated and included as anticipated revenue in the 2017-2018 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, 2016
(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, 2016, the District had \$1,520,657 in deferred outflows of resources for deferred loss on defeasance of debt arising from the issuance of refunding bonds and \$5,449,744 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, 2016, the District had \$587,077 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, 2016
(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. This statement is effective for periods beginning after June 15, 2014.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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:

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Governmental Accounting Standards Board (GASB) issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an-amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

X. Recent Accounting Pronouncements: (Cont'd)

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Government which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from "the American. Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

X. Recent Accounting Pronouncements: (Cont'd)

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement is effective for reporting periods beginning after June 15, 2016. This statement is effective for fiscal years beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

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, 2016, the District has a deficit in unrestricted net position of \$26,704,489 in governmental activities, which is directly attributable to the District's allocated share of the net pension liability for PERS employees, which totaled \$30,438,404 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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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.

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;

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Permissible Investments: (Cont'd)

- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Certain agreements for the repurchase of fully collateralized securities, provided they meet specific criteria detailed in the statute.

As of June 30, 2016, 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	\$6,519,180	\$7,573,774
Governmental Funds - Restricted	6,123,369	6,155,020
Enterprise Funds - Unrestricted	581,896	584,030
Enterprise Funds - Restricted	9,356	9,356
Agency Funds	408,565	888,790
Trust Funds	277,200	278,933
	\$13,919,566	\$15,489,903

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 2015-16 fiscal year is as follows:

Beginning balance, July 1, 2015		\$5,372,562
Increased by:		
Additional increase authorized by Board resolution	\$3,000,000	
Interest earnings	18,352	
		3,018,352
		8,390,914
Decreased by:		
Budgeted transfer from capital reserve	3,000,000	
Additional withdrawal authorized by Board resolution	26,382	
		3,026,382
Ending balance, June 30, 2016		\$5,364,532

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$9,007,268.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 5. RECEIVABLES

Receivables at June 30, 2016 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	\$ 1,181,335
Federal grants receivable	315,927
Intergovernmental accounts receivable	90,445
Other accounts receivable	<u>111,447</u>
Total receivables	<u>\$ 1,699,154</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, 2016:

\$ 195,847		Due to the General Fund from the Special Revenue Fund
4,216		Due to the General Fund from the Capital Projects Fund
<u>4,000</u>		Due to the General Fund from the Enterprise Fund
204,063		Total Interfund Balance - Fund Financial Statements
(200,063)		Elimination of Governmental Interfund Activities
<u>(4,000)</u>		Elimination of Internal Balances
<u>\$ -0-</u>		

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

NOTE 7. INVENTORIES

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$ 21,287
Non-Food Items	<u>4,919</u>
	<u>\$ 26,206</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, 2016
(continued)

NOTE 8. CAPITAL ASSETS

The District appointed Acclaim Inventory LLC to conduct a physical inventory of its capital assets as of June 30, 2016. The following schedule details the district's capital asset activity for the year ended June 30, 2016:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 703,670	\$ 680,000	\$ -	\$ 1,383,670
Total capital assets not being depreciated	<u>703,670</u>	<u>680,000</u>	<u>-</u>	<u>1,383,670</u>
Capital assets being depreciated:				
Site and site improvements	7,208,264	546,690	-	7,754,954
Building and building improvements	103,015,517	4,607,949	-	107,623,466
Machinery and equipment	8,227,895	1,795,010	(427,589)	9,595,316
Total capital assets being depreciated	<u>118,451,676</u>	<u>6,949,649</u>	<u>(427,589)</u>	<u>124,973,736</u>
Governmental activities capital assets	<u>119,155,346</u>	<u>7,629,649</u>	<u>(427,589)</u>	<u>126,357,406</u>
Less accumulated depreciation for:				
Site and site improvements	(2,773,197)	(332,809)	-	(3,106,006)
Building and improvements	(42,609,940)	(3,370,938)	-	(45,980,878)
Machinery and equipment	(4,930,927)	(584,064)	361,424	(5,153,567)
Total accumulated depreciation	<u>(50,314,064)</u>	<u>(4,287,811)</u>	<u>361,424</u>	<u>(54,240,451)</u>
Government activities capital assets, net	<u>\$ 68,841,282</u>	<u>\$ 3,341,838</u>	<u>\$ (66,165)</u>	<u>\$ 72,116,955</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ 651,200	\$ -	\$ 651,200
Total capital assets not being depreciated	<u>-</u>	<u>651,200</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	-	-	397,271
Total capital assets being depreciated	<u>397,271</u>	<u>1,048,800</u>	<u>-</u>	<u>1,446,071</u>
Business-type activities capital assets	<u>397,271</u>	<u>1,700,000</u>	<u>-</u>	<u>2,097,271</u>
Less accumulated depreciation for:				
Building and improvements	-	(20,976)	-	(20,976)
Machinery and equipment	(374,242)	(8,160)	-	(382,402)
Total accumulated depreciation	<u>(374,242)</u>	<u>(29,136)</u>	<u>-</u>	<u>(403,378)</u>
Business-type activities capital assets, net	<u>\$ 23,029</u>	<u>\$ 1,670,864</u>	<u>\$ -</u>	<u>\$ 1,693,893</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular programs – instruction	\$ 49,523
Student and instruction related services	218,658
School administrative services	6,767
Other administrative services	64,023
Plant operations and maintenance	3,774,966
Pupil transportation	118,242
Unallocated depreciation	<u>55,632</u>
 Total depreciation expense	 <u>\$ 4,287,811</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016 the following changes occurred in long-term obligations reported in the district-wide financial statements:

	Beginning Balance	Additions	Reductions	Refunded	Ending Balance
Governmental activities:					
Serial bonds payable	\$ 42,040,000	\$ 15,635,000	\$ 3,215,000	\$ 17,995,000	\$ 36,465,000
Unamortized bond issuance premium	2,382,983	2,844,176	465,574	-	4,761,585
Loans payable	95,000	-	45,000	-	50,000
Capital leases payable	537,204	910,000	342,316	-	1,104,888
Net pension liability	25,502,269	4,936,135	-	-	30,438,404
Compensated absences payable	1,453,890	294,949	88,991	-	1,659,848
Total governmental activities	<u>\$ 72,011,346</u>	<u>\$ 24,620,260</u>	<u>\$ 4,156,881</u>	<u>\$ 17,995,000</u>	<u>\$ 74,479,725</u>
Business-type activities:					
Building lease payable	\$ -	\$ 1,700,000	\$ -	\$ -	\$ 1,700,000
Compensated absences payable	3,511	-	2,065	-	1,446
Total business-type activities	<u>\$ 3,511</u>	<u>\$ 1,700,000</u>	<u>\$ 2,065</u>	<u>\$ -</u>	<u>\$ 1,701,446</u>

	Amounts Due Within One Year	Amounts Due Beyond One Year	Total
Governmental activities:			
Serial bonds payable	\$ 3,525,000	\$ 32,940,000	\$ 36,465,000
Unamortized bond issuance premium	609,424	4,152,161	4,761,585
Loans payable	50,000	-	50,000
Capital leases payable	335,920	768,968	1,104,888
Net pension liability	1,169,005	29,269,399	30,438,404
Compensated absences payable	73,672	1,586,176	1,659,848
Total governmental activities	<u>\$ 5,763,021</u>	<u>\$ 68,716,704</u>	<u>\$ 74,479,725</u>
Business-type activities:			
Building lease payable	\$ 82,715	\$ 1,617,285	\$ 1,700,000
Compensated absences payable	1,446	-	1,446
Total all business-type activities	<u>\$ 84,161</u>	<u>\$ 1,617,285</u>	<u>\$ 1,701,446</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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, 2016 are comprised of the following issues:

Purpose	Issue Date	Original Amount Issued	Interest Rates	Date of Maturity	Principal Balance at June 30, 2016
Middle School Construction	10/29/2014	\$16,740,000	3.00-5.00%	1/15/2023	\$14,905,000
Early Retirement Incentive	12/20/2011	1,535,000	2.61-3.48%	2/01/2021	970,000
High School Addition	09/14/2006	9,100,000	4.00%	7/15/2016	30,000
High School Addition	01/04/2007	9,500,000	4.00%	7/15/2016	45,000
High School Addition	05/31/2012	6,175,000	3.00-4.00%	7/15/2019	4,880,000
High School Addition	04/20/2016	7,540,000	3.00-5.00%	7/15/2029	7,540,000
High School Addition	04/20/2016	8,095,000	3.00-5.00%	7/15/2025	8,095,000
					<u>\$36,465,000</u>

Bond Obligations:

Debt service requirements on serial bonds payable at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 3,525,000	\$ 1,325,598	\$ 4,850,598
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
2022-2026	11,860,000	2,852,400	14,712,400
2027-2030	6,990,000	672,375	7,662,375
	<u>\$ 36,465,000</u>	<u>\$ 9,693,588</u>	<u>\$ 46,158,588</u>

Refunding Bond Issue:

In April 2016, the District refunded the final 13 payments of the 9/14/2006 bond issue and the final 9 payments of the 1/4/2007 bond issue totaling \$17,995,000, resulting in a net present value savings of \$2,353,190. The following is a summary of the sources and uses of funds:

Sources:

Par amount of new issue	\$15,635,000
Premium	2,844,176
Total Sources	<u>\$18,479,176</u>

Uses:

Refunding escrow deposits – principal redeemed	\$17,995,000
Refunding escrow deposits – interest	361,547
Cost of issuance	119,675
Additional proceeds	2,954
Total Uses	<u>\$18,479,176</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (continued)

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

Unamortized Bond Issuance Premium:

At June 30, 2016, the District had unamortized premiums on four refunding bond issues totaling \$4,761,585. Amortization expense for the fiscal year ended June 30, 2016 amounted to \$390,439 and unamortized premiums cancelled on the 2006 and 2007 refunded bond issues amounted to \$75,135, resulting in a total reduction of \$465,574.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amortization</u> <u>Expense</u>
2017	\$ 609,424
2018	609,424
2019	609,424
2020	528,516
2021	524,999
2022-2026	1,540,404
2027-2030	339,394
	<u>\$ 4,761,585</u>

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 will be paid in the 2016-2017 school year.

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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Future Minimum</u> <u>Lease Payments</u>
2017	\$ 288,064
2018	292,888
2019	297,792
2020	187,569
2021	38,575
	<u>\$ 1,104,888</u>

Building Lease Payable:

In July, 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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

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

Building Lease Payable: (Cont'd)

Since the two buildings reside on the same property and are nearly identical, the capitalized cost of Building 2 was made equal to the actual cost of Building 1 at \$1,700,000. The difference between the earnout amount of \$2,350,000 and the 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. Minimum lease payments over the 15 year earnout period amount to \$156,667 annually.

Net Pension Liability:

At June 30, 2016, the District reported a liability of \$30,438,404 for its proportionate share of the Public Employees' Retirement System's (PERS) net pension liability. Of this amount, \$1,169,005 is due within one year and \$29,269,399 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, 2016. 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 \$1,661,294 at June 30, 2016. Of this amount, \$75,118 is due within one year and \$1,586,176 is due beyond one year.

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, 2016, the District has recorded an unamortized balance of \$1,520,657 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2016 was \$123,480.

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	\$ 72,116,955
Outstanding bond obligations used to build or acquire capital assets	(35,495,000)
Loans payable	(50,000)
Capital leases payable	(1,104,888)
Deferred loss on defeasance of debt used to build or acquire capital assets	1,441,748
Unamortized deferred premium	(4,761,585)
Total governmental activities	\$ 32,147,230

Business-type activities:

Capital assets, net of depreciation	\$ 1,693,893
Outstanding lease obligations used to build or acquire capital assets	(1,700,000)
Total business-type activities	\$ (6,107)

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 12. PENSION PLANS

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

Benefits Provided

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 50 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. 15A and requires contributions by active members and contributing members. 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, 2016
(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. District contributions to PERS amounted to \$1,165,755 for fiscal year .

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st 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, 2016, the District reported a liability of \$30,438,404 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.1356%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$2,040,418. At June 30, 2016, 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
Changes in assumptions - 2014	\$651,560	
Changes in assumptions - 2015	2,617,281	
Difference between expected and actual experience - 2015	726,153	
Changes in proportion - 2014	285,745	
Changes in proportion - 2015		\$97,686
Net difference between projected and actual investment earnings on pension plan investments		\$489,391
District contributions subsequent to the measurement date	1,169,005	
	\$5,449,744	\$587,077

District contributions subsequent to the measurement date (\$1,169,005) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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, 2016
 (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	\$638,196
2018	638,196
2019	638,196
2020	1,016,430
2021	574,585
	\$3,505,603

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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 pension plan investments (7.90% at June 30, 2015) 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 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' target asset allocation as of June 30, 2015 are summarized in the following table:

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 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 upon the average of the last five years of contributions made in relation to the last five years of 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, 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, 2015 calculated using the discount rate as disclosed below, 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 (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of net pension liability	\$37,831,211	\$30,438,404	\$24,240,327

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (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.

Benefits Provided

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, 2016
 (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 2015, 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, such as the District. This note discloses 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 , the State of New Jersey contributed \$2,498,029 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$11,925,809.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st 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, 2016, the State's proportionate share of the net pension liability associated with the District was \$195,316,148. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.309%, which was an increase of 0.004% from its proportion measured as of June 30, 2014.

District's proportionate share of the net pension liability	\$	-0-
State's proportionate share of the net pension liability associated with the district		195,316,148
Total	\$	195,316,148

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$11,925,809 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$1,999,074,013	
Changes in assumptions - 2015	8.3	5,201,079,373	
Difference between expected and actual experience - 2014	8.5		\$19,039,817
Difference between expected and actual experience - 2015	8.3	321,224,871	
Net difference between projected and actual investment earnings on pension plan investments - 2014	5		1,305,927,430
Net difference between projected and actual investment earnings on pension plan investments - 2015	5		(770,568,242)
		<u>\$7,521,378,257</u>	<u>\$554,399,005</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	\$ 818,433,596
2018	818,433,596
2019	818,433,598
2020	1,253,742,742
2021	1,061,100,680
Thereafter	2,196,835,040
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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	7.90%

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (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 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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 upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, 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, 2015 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 (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's proportionate share of the net pension liability associated with the District	\$232,125,941	\$195,316,148	\$163,602,308

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 \$76,256 for the fiscal year ended June 30, 2016. Employee contributions to the DCRP amounted to \$104,165 for the fiscal year ended June 30, 2016.

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, 2016

NOTE 13. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 premiums changed from a prefunding 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 who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year .

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, 2016, 2015 and 2014 the State of New Jersey contributed \$2,974,463, \$2,652,228, and \$2,115,450 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 contributions 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
2016	\$ 2,321,216
2015	2,284,466
2014	2,281,017

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, 2016

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:

Fiscal Year	Plan Member Contributions	Board Contributions	Interest Earnings	Quarterly Billings	Reimbursed to State	Ending Balance
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
2013-2014	\$133,270	\$55,000	-	\$53,464	\$172,356	\$118,608

The 2016-2017 operating budget includes an appropriation in the amount of \$33,000 for contributions to the Unemployment Insurance Trust Fund.

NOTE 17. FUND BALANCE APPROPRIATED

General Fund - Of the \$12,657,578 General Fund balance at June 30, 2016, \$508,536 is committed or assigned for outstanding encumbrances, \$3,286,843 has been appropriated and included as anticipated revenue in the 2016-17 school district budget, \$2,191,019 has been restricted as excess surplus to be appropriated and included as anticipated revenue in the 2017-18 school district budget, \$5,364,532 has been restricted as capital reserve, and \$1,306,648 is unassigned.

Debt Service Fund - Of the \$153,709 Debt Service Fund balance at June 30, 2016, \$4,588 is restricted to pay future debt service requirements and \$149,121 has been appropriated and included as anticipated revenue in the 2016-17 school district budget.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 18. 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:

In April 2012 the Board of Education filed tenure charges against two teachers. The Administrative Law Judge and the Commissioner of Education held that the Board proved the charges and that the teachers should be dismissed. However, the teachers appealed the decision to the Appellate Division of the Superior Court. On November 18, 2015, the Appellate Division agreed that the Board proved the charges, but determined that the penalty of dismissal was too harsh. Accordingly, the Court sent the matter back to the Commissioner of Education to determine the appropriate penalty. The Commissioner ultimately concluded that a ten (10) month unpaid suspension was appropriate, thereby creating a back pay obligation of \$224,815.60. This amount was recorded as an accounts payable at year-end and is included in the June 30, 2016 financial statements.

The Board recently lost a due process petition hearing, which entitles the plaintiffs to be reimbursed for their reasonable attorney fees. The plaintiffs are claiming \$112,000 in attorney fees. The District's insurance carrier has agreed to contribute \$45,000 towards settlement. The District is hopeful that the judge will scrutinize the claimed fees closely and reduce the fees. At any rate, the potential exposure of \$67,000 is below the District's materiality level and will not have a material adverse effect on the financial position of the District.

In addition to the due process petition hearing described above, the plaintiff has also made a vague second claim that alleges discrimination under Section 504 of the federal Rehabilitation Act. In July of this year, the plaintiffs filed a new due process petition, which is being handled by the District's insurance carrier. The Boards' legal counsel does not believe that there is any merit to the discrimination claim and it is too soon to evaluate the merits of the plaintiff's new due process petition.

NOTE 19. ECONOMIC DEPENDENCY

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

NOTE 20. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 21, 2016, 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, 2016
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 62,080,892	\$ -	\$ 62,080,892	\$ 62,080,892	\$ -
Tuition charges	80,000	-	80,000	375,088	295,088
Interest on investments	30,000	-	30,000	52,590	22,590
Interest earned on capital reserve funds	2,000	-	2,000	18,352	16,352
Transportation fees	12,000	-	12,000	6,227	(5,773)
Miscellaneous	180,500	-	180,500	206,328	25,828
Total - Local Sources	<u>62,385,392</u>	<u>-</u>	<u>62,385,392</u>	<u>62,739,477</u>	<u>354,085</u>
State sources:					
Categorical special education aid	2,928,748	-	2,928,748	2,928,748	-
Equalization aid	11,587,203	-	11,587,203	11,587,203	-
Categorical security aid	93,288	-	93,288	93,288	-
Transportation aid	483,485	-	483,485	483,485	-
PARCC readiness aid	44,640	-	44,640	44,640	-
Per pupil growth aid	44,640	-	44,640	44,640	-
Extraordinary aid	-	-	-	1,133,203	1,133,203
Nonpublic transportation aid	-	-	-	23,516	23,516
TPAF on-behalf pension contribution (Non-Budgeted)	-	-	-	2,498,029	2,498,029
TPAF on-behalf post-retirement medical contribution (Non-Budgeted)	-	-	-	2,974,463	2,974,463
TPAF social security contributions (Reimbursed - Non-Budgeted)	-	-	-	2,321,216	2,321,216
Total - State Sources	<u>15,182,004</u>	<u>-</u>	<u>15,182,004</u>	<u>24,132,431</u>	<u>8,950,427</u>
Federal sources:					
Medicaid Reimbursement	53,798	-	53,798	90,070	36,272
Total - Federal Sources	<u>53,798</u>	<u>-</u>	<u>53,798</u>	<u>90,070</u>	<u>36,272</u>
TOTAL REVENUES	<u>77,621,194</u>	<u>-</u>	<u>77,621,194</u>	<u>86,961,978</u>	<u>9,340,784</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, 2016
 UNAUDITED

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT:					
Regular programs - distributed instruction:					
Salaries of teachers:					
Kindergarten	\$ 580,433	\$ -	\$ 580,433	\$ 501,074	\$ 79,359
Grades 1 - 5	7,334,691	(61,000)	7,273,691	7,202,004	71,687
Grades 6 - 8	5,299,817	(118,275)	5,181,542	5,169,254	12,288
Grades 9 - 12	7,588,828	(150,302)	7,438,526	7,437,411	1,115
Regular programs - home instruction:					
Salaries of teachers	22,500	-	22,500	10,597	11,903
Purchased professional - educational services	39,000	(6,000)	33,000	8,036	24,964
Regular programs - undistributed instruction:					
Other salaries for instruction	183,866	4,525	188,391	184,523	3,868
Purchased professional - educational services	26,000	8,900	34,900	34,896	4
Other purchased services	466,743	86,150	552,893	530,402	22,491
General supplies	1,561,379	344,325	1,905,704	1,717,725	187,979
Textbooks	188,804	53,250	242,054	207,263	34,791
Other objects	15,108	-	15,108	6,996	8,112
Total Regular Programs - Instruction	23,307,169	161,573	23,468,742	23,010,181	458,561
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	1,273,511	(27,000)	1,246,511	1,245,933	578
Other salaries for instruction	146,848	(65,000)	81,848	64,810	17,038
Total Learning and/or Language Disabilities	1,420,359	(92,000)	1,328,359	1,310,743	17,616
Behavioral disabilities:					
Salaries of teachers	244,421	-	244,421	229,046	15,375
Other salaries for instruction	89,446	27,000	116,446	116,369	77
Total Behavioral Disabilities	333,867	27,000	360,867	345,415	15,452

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, 2016
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple disabilities:					
Salaries of teachers	\$ 298,411	\$ -	\$ 298,411	\$ 277,207	\$ 21,204
Other salaries for instruction	23,526	45,000	68,526	62,653	5,873
Other objects	200	-	200	-	200
Total Multiple Disabilities	322,137	45,000	367,137	339,860	27,277
Resource room/resource center:					
Salaries of teachers	2,820,153	(47,000)	2,773,153	2,707,795	65,358
Other salaries for instruction	406,436	201,500	607,936	601,462	6,474
General supplies	3,000	-	3,000	-	3,000
Textbooks	30,000	(10,500)	19,500	-	19,500
Total Resource Room/Resource Center	3,259,589	144,000	3,403,589	3,309,257	94,332
Autism:					
Salaries of teachers	179,084	1,500	180,584	180,205	379
Other salaries for instruction	36,226	128,274	164,500	163,224	1,276
Other objects	3,000	-	3,000	-	3,000
Total Autism	218,310	129,774	348,084	343,429	4,655
Preschool disabilities - Part-Time:					
Salaries of teachers	184,656	32,000	216,656	215,986	670
Other salaries for instruction	55,401	15,000	70,401	69,825	576
Total Preschool Disabilities - Part-Time	240,057	47,000	287,057	285,811	1,246
Preschool disabilities - Full-Time:					
Salaries of teachers	61,326	-	61,326	27,597	33,729
Salaries of teachers	32,774	(32,774)	-	-	-
Total Preschool Disabilities - Full-Time	94,100	(32,774)	61,326	27,597	33,729
Home instruction:					
Salaries of teachers	16,800	-	16,800	15,217	1,583
Purchased professional - educational services	18,000	15,300	33,300	28,273	5,027
Other purchased services	-	1,200	1,200	1,037	163
Total Home Instruction	34,800	16,500	51,300	44,527	6,773
Total Special Education - Instruction	5,923,219	284,500	6,207,719	6,006,639	201,080

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, 2016
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs:					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 922,401	\$ (77,000)	\$ 845,401	\$ 692,968	\$ 152,433
General supplies	23,910	610	24,520	2,951	21,569
Total Basic Skills/Remedial - Instruction	<u>946,311</u>	<u>(76,390)</u>	<u>869,921</u>	<u>695,919</u>	<u>174,002</u>
Bilingual education - instruction:					
Salaries of teachers	387,803	-	387,803	375,509	12,294
Other purchased services	408	-	408	-	408
General supplies	3,672	1,542	5,214	4,952	262
Textbooks	4,000	2,256	6,256	3,930	2,326
Total Bilingual Education - Instruction	<u>395,883</u>	<u>3,798</u>	<u>399,681</u>	<u>384,391</u>	<u>15,290</u>
Total Other Instructional Programs	<u>1,342,194</u>	<u>(72,592)</u>	<u>1,269,602</u>	<u>1,080,310</u>	<u>189,292</u>
School sponsored other instructional programs:					
School sponsored co/extra curricular activities - instruction:					
Salaries	198,234	17,250	215,484	215,211	273
Purchased services	37,000	-	37,000	36,950	50
Supplies and materials	5,100	-	5,100	5,005	95
Other objects	15,360	-	15,360	14,650	710
Total School Sponsored Co/Extra Curricular Activities - Instruction	<u>255,694</u>	<u>17,250</u>	<u>272,944</u>	<u>271,816</u>	<u>1,128</u>
School sponsored athletics - instruction:					
Salaries	591,420	49,125	640,545	632,524	8,021
Purchased services	108,360	-	108,360	104,989	3,371
Supplies and materials	89,500	29,668	119,168	87,341	31,827
Other objects	49,000	(6,600)	42,400	26,095	16,305
Total School Sponsored Athletics - instruction	<u>838,280</u>	<u>72,193</u>	<u>910,473</u>	<u>850,949</u>	<u>59,524</u>
School sponsored before/after school programs - instruction:					
Salaries	70,000	18,500	88,500	52,088	36,412
Supplies and materials	2,550	-	2,550	1,786	764
Other objects	5,000	-	5,000	-	5,000
Total School Sponsored Before/After School Programs - Instruction	<u>77,550</u>	<u>18,500</u>	<u>96,050</u>	<u>53,874</u>	<u>42,176</u>
Total School Sponsored Other Instructional Programs	<u>1,171,524</u>	<u>107,943</u>	<u>1,279,467</u>	<u>1,176,639</u>	<u>102,828</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, 2016
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Community services programs:					
Purchased services	\$ 38,000	\$ -	\$ 38,000	\$ 34,540	\$ 3,460
Total Community Services Programs	38,000	-	38,000	34,540	3,460
TOTAL DISTRIBUTED EXPENDITURES	31,782,106	481,424	32,263,530	31,308,309	955,221
UNDISTRIBUTED EXPENDITURES:					
Instruction:					
Tuition to other LEAs within the state - regular	-	1,100	1,100	1,100	-
Tuition to other LEAs within the state - special	300,830	(1,100)	299,730	176,680	123,050
Tuition to county vocational school districts - regular	579,000	12,000	591,000	574,260	16,740
Tuition to county vocational school districts - special	78,000	-	78,000	40,950	37,050
Tuition to CSSSD and regional day schools	436,505	-	436,505	333,994	102,511
Tuition to private schools for the handicapped - within state	1,690,875	(130,933)	1,559,942	1,308,315	251,627
Tuition - other	90,000	(83,500)	6,500	-	6,500
Total Undistributed Expenditures - Instruction	3,175,210	(202,433)	2,972,777	2,435,299	537,478
Health services:					
Salaries	638,659	29,700	668,359	667,845	514
Purchased professional and technical services	66,200	(2,000)	64,200	42,407	21,793
Other purchased services	4,575	-	4,575	3,620	955
Supplies and materials	33,618	-	33,618	30,730	2,888
Total Health Services	743,052	27,700	770,752	744,602	26,150
Other support services - students - related services:					
Salaries	1,165,654	(48,698)	1,116,956	1,042,197	74,759
Purchased professional - educational services	277,126	11,685	288,811	214,635	74,176
Other objects	400	60	460	460	-
Total Other Support Services - Students - Related Services	1,443,180	(36,953)	1,406,227	1,257,292	148,935
Other support services - students - extraordinary services:					
Salaries	1,302,511	(265,375)	1,037,136	845,447	191,689
Purchased professional - educational services	225,000	15,315	240,315	207,249	33,066
Total Other Support Services - Students - Extra. Serv.	1,527,511	(250,060)	1,277,451	1,052,696	224,755

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, 2016
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - students - regular:					
Salaries of other professional staff	\$ 1,302,229	\$ -	\$ 1,302,229	\$ 1,267,841	\$ 34,388
Salaries of secretarial and clerical assistants	80,849	300	81,149	80,937	212
Other purchased professional and technical services	27,114	-	27,114	16,750	10,364
Other purchased services	45,985	-	45,985	43,747	2,238
Supplies and materials	14,595	7,700	22,295	12,924	9,371
Other objects	2,200	-	2,200	1,418	782
Total Other Support Services - Students - Regular	1,472,972	8,000	1,480,972	1,423,617	57,355
Other support services - students - special:					
Salaries of other professional staff	1,465,728	-	1,465,728	1,399,194	66,534
Salaries of secretarial and clerical assistants	264,723	(6,925)	257,798	241,569	16,229
Unused vacation payment to terminated/retired staff	-	6,925	6,925	6,921	4
Purchased professional - educational services	72,000	(3,100)	68,900	67,134	1,766
Other purchased professional and technical services	7,250	3,100	10,350	5,141	5,209
Miscellaneous purchased services	9,000	-	9,000	5,884	3,116
Supplies and materials	9,000	-	9,000	-	9,000
Total Other Support Services - Students - Special	1,827,701	-	1,827,701	1,725,843	101,858
Improvement of instructional services:					
Salaries of supervisors of instruction	686,194	825	687,019	687,013	6
Salaries of other professional staff	126,300	(48,688)	77,612	42,404	35,208
Salaries of secretarial and clerical assistants	244,362	-	244,362	231,587	12,775
Unused vacation payment to terminated/retired staff	-	1,675	1,675	1,666	9
Other purchased professional and technical services	16,800	-	16,800	12,875	3,925
Other purchased services	45,306	-	45,306	40,504	4,802
Supplies and materials	16,500	-	16,500	13,631	2,869
Other objects	6,000	-	6,000	5,837	163
Total Improvement of Instruction Services	1,141,462	(46,188)	1,095,274	1,035,517	59,757

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, 2016
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational media services/school library:					
Salaries	\$ 437,610	\$ -	\$ 437,610	\$ 406,783	\$ 30,827
Other purchased services	63,501	(2,000)	61,501	54,987	6,514
Supplies and materials	105,061	6,811	111,872	101,938	9,934
Total Educational Media Services/School Library	606,172	4,811	610,983	563,708	47,275
Instructional staff training services:					
Salaries of other professional staff	31,000	-	31,000	5,190	25,810
Purchased professional - educational services	126,714	-	126,714	17,000	109,714
Other purchased services	20,430	1,100	21,530	18,923	2,607
Supplies and materials	10,200	(1,100)	9,100	8,161	939
Other objects	1,500	-	1,500	-	1,500
Total Instructional Staff Training Services	189,844	-	189,844	49,274	140,570
Support services - general administration:					
Salaries	454,754	15,000	469,754	463,885	5,869
Legal services	190,000	(22,802)	167,198	130,576	36,622
Audit fees	31,150	-	31,150	31,150	-
Other purchased professional services	23,750	3,200	26,950	12,640	14,310
Communications/telephone	216,424	38,450	254,874	207,543	47,331
BOE other purchased services	4,500	-	4,500	3,697	803
Other purchased services	425,850	-	425,850	396,641	29,209
General supplies	9,180	5,135	14,315	12,374	1,941
Judgements against the school district	12,500	12,500	25,000	15,000	10,000
Miscellaneous expenditures	13,475	-	13,475	11,393	2,082
BOE membership dues and fees	27,700	-	27,700	26,752	948
Total Support Services - General Administration	1,409,283	51,483	1,460,766	1,311,651	149,115

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, 2016
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - school administration:					
Salaries of principals/assistant principals	\$ 1,546,130	\$ 18,165	\$ 1,564,295	\$ 1,564,294	\$ 1
Salaries of other professional staff	941,873	66,341	1,008,214	1,008,214	-
Salaries of secretarial and clerical assistants	690,596	-	690,596	684,291	6,305
Other purchased services	52,000	-	52,000	43,224	8,776
Supplies and materials	87,598	41	87,639	71,611	16,028
Other objects	31,115	-	31,115	22,916	8,199
Total Support Services - School Administration	3,349,312	84,547	3,433,859	3,394,550	39,309
Central services:					
Salaries	488,210	20,938	509,148	502,552	6,596
Miscellaneous purchased services	88,300	-	88,300	83,029	5,271
Supplies and materials	13,515	10,340	23,855	15,974	7,881
Miscellaneous expenditures	1,581	-	1,581	1,534	47
Total Central Services	591,606	31,278	622,884	603,089	19,795
Administrative information technology:					
Salaries	491,064	51,000	542,064	541,708	356
Other purchased services	382,028	(20,015)	362,013	303,881	58,132
Supplies and materials	27,840	64,902	92,742	70,169	22,573
Other objects	3,500	-	3,500	525	2,975
Total Administrative Information Technology	904,432	95,887	1,000,319	916,283	84,036
Required maintenance for school facilities:					
Salaries	199,387	(575)	198,812	197,027	1,785
Cleaning, repair and maintenance services	497,448	103,640	601,088	594,269	6,819
General supplies	269,820	(175)	269,645	269,166	479
Other objects	6,840	1,950	8,790	8,790	-
Total Required Maintenance for School Facilities	973,495	104,840	1,078,335	1,069,252	9,083

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, 2016
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial services:					
Salaries	\$ 2,968,121	\$ -	\$ 2,968,121	\$ 2,959,730	\$ 8,391
Salaries of non-instructional aides	292,219	59,350	351,569	350,074	1,495
Purchased professional and technical services	55,000	(19,000)	36,000	29,476	6,524
Cleaning, repair and maintenance services	198,594	36,500	235,094	229,359	5,735
Other purchased property services	90,183	34,892	125,075	125,052	23
Insurance	163,000	-	163,000	163,000	-
Miscellaneous purchased services	1,600	17,428	19,028	19,012	16
General supplies	377,604	241,757	619,361	597,843	21,518
Energy (natural gas)	510,000	(170,155)	339,845	334,342	5,503
Energy (electricity)	1,080,000	(121,187)	958,813	958,674	139
Energy (oil)	8,843	-	8,843	2,766	6,077
Energy (gasoline)	50,000	(26,000)	24,000	23,148	852
Other objects	3,750	(700)	3,050	2,510	540
Total Custodial Services	5,798,914	52,885	5,851,799	5,794,986	56,813
Care and upkeep of grounds:					
Salaries	290,795	(15,000)	275,795	263,294	12,501
Purchased professional and technical services	5,000	-	5,000	-	5,000
Cleaning, repair and maintenance services	198,400	(37,775)	160,625	156,717	3,908
General supplies	146,660	13,340	160,000	158,374	1,626
Total Care and Upkeep of Grounds	640,855	(39,435)	601,420	578,385	23,035
Security:					
Salaries	113,257	15,000	128,257	123,925	4,332
Purchased professional and technical services	27,500	(300)	27,200	22,564	4,636
Cleaning, repair and maintenance services	-	11,000	11,000	11,000	-
General supplies	10,200	-	10,200	7,429	2,771
Other objects	-	300	300	200	100
Total Security	150,957	26,000	176,957	165,118	11,839
Total Operation and Maintenance of Plant Services	7,564,221	144,290	7,708,511	7,607,741	100,770

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, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services:					
Salaries of non-instructional aides	\$ 169,352	\$ 500	\$ 169,852	\$ 169,456	\$ 396
Salaries for pupil trans. (between home & school) - regular	1,782,231	34,505	1,816,736	1,795,029	21,707
Salaries for pupil trans. (between home & school) - special ed.	349,793	(4,782)	345,011	333,791	11,220
Salaries for pupil trans. (other than between home & school)	160,000	-	160,000	141,646	18,354
Salaries for pupil trans. (between home & school) - nonpublic	84,547	750	85,297	84,817	480
Unused vacation payments to terminated/retired staff	-	8,527	8,527	8,526	1
Management fees - ESC & CTSA transportation programs	34,633	-	34,633	28,307	6,326
Cleaning, repair and maintenance services	59,650	61,660	121,310	108,639	12,671
Lease purchase payments - school buses	246,801	-	246,801	227,773	19,028
Contracted services - aid in lieu payments - nonpublic schools	79,560	-	79,560	66,432	13,128
Contracted services - aid in lieu payments - charter schools	8,840	-	8,840	4,420	4,420
Contracted services - aid in lieu payments - choice schools	6,188	-	6,188	5,932	256
Contracted services (other than bet. home & school) - vendors	12,240	-	12,240	11,438	802
Contracted services (between home & school) - joint agreements	10,050	-	10,050	5,165	4,885
Contracted services (special ed. students) - vendors	26,040	-	26,040	14,940	11,100
Contracted services (regular students) - ESCs & CTSA	127,500	9,575	137,075	137,074	1
Contracted services (special ed. students) - ESCs & CTSA	724,200	(53,075)	671,125	585,231	85,894
Miscellaneous purchased services	125,354	31,120	156,474	155,532	942
Fuel and general supplies	385,673	(91,500)	294,173	152,770	141,403
Transportation supplies	359,346	102,692	462,038	461,657	381
Miscellaneous expenditures	1,792	1,000	2,792	2,478	314
Total Student Transportation Services	4,753,790	100,972	4,854,762	4,501,053	353,709
Unallocated employee benefits:					
Social security contributions	1,115,000	(23,000)	1,092,000	1,068,955	23,045
Other retirement contributions - PERS	1,235,000	(37,500)	1,197,500	1,161,278	36,222
Other retirement contributions - regular	55,000	23,000	78,000	76,256	1,744
Unemployment compensation	80,000	-	80,000	80,000	-
Workers compensation	787,355	(50,000)	737,355	734,231	3,124
Health benefits	11,875,253	(597,441)	11,277,812	9,879,604	1,398,208
Tuition reimbursement	275,000	-	275,000	238,064	36,936
Other employee benefits	326,300	98,000	424,300	417,989	6,311
Unused sick payments to terminated/retired staff	-	89,000	89,000	88,991	9
Total Unallocated Benefits - Employee Benefits	15,748,908	(497,941)	15,250,967	13,745,368	1,505,599

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, 2016
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf payments:					
TPAF on-behalf pension contribution (Non-Budgeted)	\$ -	\$ -	\$ -	\$ 2,498,029	\$ (2,498,029)
TPAF on-behalf post-retirement medical contribution (Non-Budgeted)	-	-	-	2,974,463	(2,974,463)
TPAF social security contributions (Reimbursed - Non-Budgeted)	-	-	-	2,321,216	(2,321,216)
Total On-behalf Payments	-	-	-	7,793,708	(7,793,708)
TOTAL UNDISTRIBUTED EXPENDITURES	46,448,656	(484,607)	45,964,049	50,161,291	(4,197,242)
TOTAL EXPENDITURES - CURRENT	78,230,762	(3,183)	78,227,579	81,469,600	(3,242,021)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 1 - 5	42,100	(2,945)	39,155	38,866	289
Grades 6 - 8	42,300	(33,045)	9,255	6,005	3,250
Grades 9 - 12	129,513	152,889	282,402	273,968	8,434
Other instructional programs:					
School sponsored co-curricular and extra-curricular activities	-	23,746	23,746	23,746	-
School sponsored athletics	-	15,380	15,380	3,285	12,095
Undistributed expenditures:					
Support services - instructional staff	-	30,306	30,306	30,163	143
General administration	100,000	(82,198)	17,802	17,755	47
School administration	-	11,400	11,400	11,370	30
Information technology services	231,494	(73,905)	157,589	145,381	12,208
Required maintenance for school facilities	35,580	96,285	131,865	131,862	3
Custodial services	39,000	160,839	199,839	178,750	21,089
Care and upkeep of grounds	9,500	1,150	10,650	10,646	4
Security services	-	25,000	25,000	24,635	365
Student transportation services - non-instructional equipment	61,710	(48,041)	13,669	13,667	2
School buses - regular	-	185,625	185,625	185,624	1
Total Equipment	691,197	462,486	1,153,683	1,095,723	57,960

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, 2016
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities acquisition and construction services:					
Architectural and engineering services	\$ 255,000	\$ 39,163	\$ 294,163	\$ 254,770	\$ 39,393
Other professional services	-	54,225	54,225	9,675	44,550
Construction services	1,138,000	660,519	1,798,519	1,728,337	70,182
Buildings other than lease purchase agreements	1,700,000	(85,000)	1,615,000	1,615,000	-
Assessment for debt service on SDA funding	128,241	-	128,241	128,241	-
Total Facilities Acquisition and Construction Services:	<u>3,221,241</u>	<u>668,907</u>	<u>3,890,148</u>	<u>3,736,023</u>	<u>154,125</u>
Assets acquired under capital leases (non-budgeted):					
Required maintenance for school facilities	-	-	-	370,000	(370,000)
Pupil transportation	-	-	-	540,000	(540,000)
Total Assets Acquired Under Capital Leases (non-budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>910,000</u>	<u>(910,000)</u>
TOTAL CAPITAL OUTLAY	<u>3,912,438</u>	<u>1,131,393</u>	<u>5,043,831</u>	<u>5,741,746</u>	<u>(697,915)</u>
CHARTER SCHOOL:					
Allocation of funds to charter school	124,000	-	124,000	77,188	46,812
Total Charter School	<u>124,000</u>	<u>-</u>	<u>124,000</u>	<u>77,188</u>	<u>46,812</u>
TOTAL EXPENDITURES	<u>82,267,200</u>	<u>1,128,210</u>	<u>83,395,410</u>	<u>87,288,534</u>	<u>(3,893,124)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,646,006)</u>	<u>(1,128,210)</u>	<u>(5,774,216)</u>	<u>(326,556)</u>	<u>(5,447,660)</u>
OTHER FINANCING SOURCES (USES):					
Capital Leases (Non-budgeted)	-	-	-	910,000	(910,000)
Transfers In:					
Transfer from Capital Projects	-	-	-	23,906	(23,906)
Transfers Out:					
Capital Reserve - Transfer to Capital Projects	(3,000,000)	(26,383)	(3,026,383)	(3,026,382)	(1)
Transfer to Enterprise Fund - Food Services	-	(302)	(302)	(301)	(1)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,000,000)</u>	<u>(26,685)</u>	<u>(3,026,685)</u>	<u>(2,092,777)</u>	<u>(933,908)</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, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(7,646,006)	(1,154,895)	(8,800,901)	(2,419,333)	(6,381,568)
FUND BALANCE, July 1	16,559,206	-	16,559,206	16,559,206	-
FUND BALANCE, June 30	<u>\$ 8,913,200</u>	<u>\$ (1,154,895)</u>	<u>\$ 7,758,305</u>	<u>\$ 14,139,873</u>	<u>\$ (6,381,568)</u>

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

Adjustment for prior year encumbrances	\$ -	\$ (1,154,895)	\$ (1,154,895)	\$ (1,154,895)	\$ -
Budgeted fund balance	(4,648,006)	-	(4,648,006)	(1,282,790)	(3,365,216)
Budgeted withdrawal from capital reserve	(3,000,000)	-	(3,000,000)	(3,000,000)	-
Additional appropriation from capital reserve	-	-	-	-	-
Increase in capital reserve:					
Principal	-	-	-	3,000,000	(3,000,000)
Interest	2,000	-	2,000	18,352	(16,352)
	<u>\$ (7,646,006)</u>	<u>\$ (1,154,895)</u>	<u>\$ (8,800,901)</u>	<u>\$ (2,419,333)</u>	<u>\$ (6,381,568)</u>

Recapitulation of Balances:

Restricted Fund Balance:					
Capital reserve				\$ 5,364,532	
Excess surplus - current year				2,191,019	
Excess surplus - designated for subsequent year's expenditures				2,140,453	
Committed Fund Balance:					
Year-end encumbrances				95,229	
Assigned Fund Balance:					
Year-end encumbrances				413,307	
Unreserved - designated for subsequent year's expenditures - fund balance appropriated				1,146,390	
Unassigned Fund Balance				<u>2,788,943</u>	
				14,139,873	
Reconciliation to Governmental Funds Statements (GAAP):					
Last state aid payment not recognized on GAAP basis				<u>(1,482,295)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 12,657,578</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, 2016
 UNAUDITED

C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 1,053,805	\$ 467,989	\$ 1,521,794	\$ 1,359,949	\$ 161,845
Local sources	-	1,000	1,000	1,000	-
TOTAL REVENUES	<u>\$ 1,053,805</u>	<u>\$ 468,989</u>	<u>\$ 1,522,794</u>	<u>\$ 1,360,949</u>	<u>\$ 161,845</u>
EXPENDITURES:					
Instruction:					
Personal services - salaries	\$ 548,005	\$ 145,781	\$ 693,786	\$ 691,816	\$ 1,970
Other purchased services	-	1,000	1,000	304	696
General supplies	172,182	(25,479)	146,703	98,505	48,198
Total Instruction	<u>720,187</u>	<u>121,302</u>	<u>841,489</u>	<u>790,625</u>	<u>50,864</u>
Support Services:					
Personal services - salaries	-	38,857	38,857	38,029	828
Personal services - employee benefits	62,000	46,610	108,610	99,905	8,705
Purchased professional educational and technical services	216,799	144,450	361,249	309,012	52,237
Other purchased services	-	89,411	89,411	50,147	39,264
Supplies and materials	54,819	2,275	57,094	54,215	2,879
Total Support Services	<u>333,618</u>	<u>321,603</u>	<u>655,221</u>	<u>551,308</u>	<u>103,913</u>
Facilities Acquisition and Construction Services:					
Instructional equipment	-	19,584	19,584	19,016	568
Non-instructional equipment	-	6,500	6,500	-	6,500
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>26,084</u>	<u>26,084</u>	<u>19,016</u>	<u>7,068</u>
TOTAL EXPENDITURES	<u>\$ 1,053,805</u>	<u>\$ 468,989</u>	<u>\$ 1,522,794</u>	<u>\$ 1,360,949</u>	<u>\$ 161,845</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, 2016
 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	\$ 86,961,978	\$ 1,360,949
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, 2015	-	58,907
Outstanding encumbrances at June 30, 2016	-	(39,893)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
State aid receivable at June 30, 2015	1,486,208	-
State aid receivable at June 30, 2016	(1,482,295)	-
	<u>\$ 86,965,891</u>	<u>\$ 1,379,963</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.		
	<u>\$ 86,965,891</u>	<u>\$ 1,379,963</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 87,288,534	\$ 1,360,949
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, 2015	-	58,907
Outstanding encumbrances at June 30, 2016	-	(39,893)
	<u>\$ 87,288,534</u>	<u>\$ 1,379,963</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds		
	<u>\$ 87,288,534</u>	<u>\$ 1,379,963</u>

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 THREE FISCAL YEARS
 UNAUDITED

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

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 THREE FISCAL YEARS
 UNAUDITED

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

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 THREE FISCAL YEARS
 UNAUDITED

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

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, 2016
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 (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 5.39% to 4.90%. 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 (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 4.68% to 4.13%. 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, 2016

	Title I Part A	Title II Part A	Title III	IDEA Part B Basic	IDEA Part B Preschool
REVENUES:					
Federal sources	\$ 214,053	\$ 93,845	\$ 17,857	\$ 971,359	\$ 44,222
Local sources	-	-	-	-	-
TOTAL REVENUES	\$ 214,053	\$ 93,845	\$ 17,857	\$ 971,359	\$ 44,222
EXPENDITURES:					
Instruction:					
Personal services - salaries	\$ 175,121	\$ -	\$ -	\$ 494,745	\$ 21,950
Other purchased services	-	-	-	304	-
General supplies	629	-	17,857	61,750	12,772
Total Instruction	175,750	-	17,857	556,799	34,722
Support Services:					
Personal services - salaries	-	-	-	38,029	-
Personal services - employee benefits	37,755	-	-	60,471	1,679
Purchased prof. educational and technical services	-	52,800	-	248,391	7,821
Other purchased services	548.00	22,957	-	24,086	-
Supplies and materials	-	18,088	-	34,152	-
Total Support Services	38,303	93,845	-	405,129	9,500
Facilities Acquisition and Construction Services:					
Instructional equipment	-	-	-	9,431	-
Total Facilities Acquisition and Construction Services	-	-	-	9,431	-
TOTAL EXPENDITURES	\$ 214,053	\$ 93,845	\$ 17,857	\$ 971,359	\$ 44,222

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Carl D. Perkins Career and Technical Education Grant	Race to the Top	Elks Donation	Total
REVENUES:				
Federal sources	\$ 16,638	\$ 1,975	\$ -	\$ 1,359,949
Local sources	-	-	1,000	1,000
TOTAL REVENUES	\$ 16,638	\$ 1,975	\$ 1,000	\$ 1,360,949
EXPENDITURES:				
Instruction:				
Personal services - salaries	\$ -	\$ -	\$ -	\$ 691,816
Other purchased services	-	-	-	304
General supplies	4,497	-	1,000	98,505
Total Instruction	4,497	-	1,000	790,625
Support Services:				
Personal services - salaries	-	-	-	38,029
Personal services - employee benefits	-	-	-	99,905
Purchased professional educational and technical services	-	-	-	309,012
Other purchased services	2,556	-	-	50,147
Supplies and materials	-	1,975	-	54,215
Total Support Services	2,556	1,975	-	551,308
Facilities Acquisition and Construction Services:				
Instructional equipment	9,585	-	-	19,016
Total Facilities Acquisition and Construction Services	9,585	-	-	19,016
TOTAL EXPENDITURES	\$ 16,638	\$ 1,975	\$ 1,000	\$ 1,360,949

**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, 2016

Year	Project Title	Appropriation	GAAP Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
2014	Chester M. Stephens Elementary School Window Replacement Project	\$ 329,349	\$ 329,349	\$ -	\$ -
2014	Tinc Road Elementary School Roof Replacement Project	1,326,495	1,326,495	-	-
2014	Sandshore Road Elementary School Boiler Replacement Project	315,360	315,360	-	-
2014	Mt. Olive High School Roof Replacement Project	841,089	805,564	35,525	-
2014	Mt. Olive High School Window Replacement Project	828,100	628,163	199,937	-
2016	Mt. Olive High School Maker Space/Recording Studio Project	3,000,000	-	2,399,088	600,912
		<u>\$ 6,640,393</u>	<u>\$ 3,404,931</u>	<u>\$ 2,634,550</u>	<u>\$ 600,912</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, 2016

REVENUES AND OTHER FINANCING SOURCES:	
Transfer from capital reserve	<u>\$ 3,026,382</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>3,026,382</u>
EXPENDITURES AND OTHER FINANCING USES:	
Purchased professional and technical services	40,161
Equipment	171,332
Construction services	2,423,057
Transfer to General Fund	<u>23,906</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>2,658,456</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	367,926
FUND BALANCE, July 1	<u>232,986</u>
FUND BALANCE, June 30	<u><u>\$ 600,912</u></u>

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 - WINDOW REPLACEMENT PROJECT
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
State Sources - SDA Grant	\$ 136,423	\$ -	\$ 136,423	\$ 136,423
Transfer from capital reserve	192,707	219	192,926	192,926
TOTAL REVENUES AND OTHER FINANCING SOURCES	329,130	219	329,349	329,349
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	24,599	-	24,599	24,599
Construction services	304,750	-	304,750	304,750
TOTAL EXPENDITURES AND OTHER FINANCING USES	329,349	-	329,349	329,349
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (219)	\$ 219	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION:

Project number	3450-050-14-1004
Grant date	2/24/2014
Bond authorization date	not applicable
Bonds authorized	not applicable
Bonds issued	not applicable
Original authorized cost	\$ 481,500
Additional authorized cost	(152,151)
Revised authorized cost	\$ 329,349
Percentage increase over original authorized cost	0.00%
Percentage completion	100.00%
Original target completion date	Aug-14
Revised target completion date	Oct-14

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 TINC ROAD ELEMENTARY SCHOOL - ROOF REPLACEMENT PROJECT
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
State Sources - SDA Grant	\$ 549,827	\$ -	\$ 549,827	\$ 549,827
Transfer from capital reserve	222,648	26,163	248,811	248,811
Transfer from capital outlay	527,857	-	527,857	527,857
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,300,332	26,163	1,326,495	1,326,495
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	83,866	-	83,866	83,866
Construction services	1,242,629	-	1,242,629	1,242,629
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,326,495	-	1,326,495	1,326,495
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (26,163)	\$ 26,163	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION:

Project number	3450-070-14-1007
Grant date	2/24/2014
Bond authorization date	not applicable
Bonds authorized	not applicable
Bonds issued	not applicable
Original authorized cost	\$ 1,422,136
Additional authorized cost	(95,641)
Revised authorized cost	\$ 1,326,495
Percentage increase over original authorized cost	0.00%
Percentage completion	100.00%
Original target completion date	Aug-14
Revised target completion date	Apr-15

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 SANDSHORE ELEMENTARY SCHOOL - BOILER REPLACEMENT PROJECT
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
State Sources - SDA Grant	\$ 130,715	\$ -	\$ 130,715	\$ 130,715
Transfer from capital reserve	184,645	-	184,645	184,645
TOTAL REVENUES AND OTHER FINANCING SOURCES	315,360	-	315,360	315,360
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	23,360	-	23,360	23,360
Construction services	292,000	-	292,000	292,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	315,360	-	315,360	315,360
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ -	\$ -
ADDITIONAL PROJECT INFORMATION:				
Project number	3450-065-14-1006			
Grant date	2/24/2014			
Bond authorization date	not applicable			
Bonds authorized	not applicable			
Bonds issued	not applicable			
Original authorized cost	\$ 339,900			
Additional authorized cost	(24,540)			
Revised authorized cost	\$ 315,360			
Percentage increase over original authorized cost	0.00%			
Percentage completion	100.00%			
Original target completion date	Aug-14			
Revised target completion date	Dec-14			

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 MOUNT OLIVE HIGH SCHOOL - ROOF REPLACEMENT PROJECT
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
State Sources - SDA Grant	\$ 347,936	\$ -	\$ 347,936	\$ 347,936
Transfer from capital reserve	200,000	-	200,000	200,000
Transfer from capital outlay	304,309	-	304,309	304,309
TOTAL REVENUES AND OTHER FINANCING SOURCES	852,245	-	852,245	852,245
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	41,815	13,939	55,754	55,754
Construction services	763,749	21,586	785,335	785,335
Transfer to General Fund	-	11,156	11,156	11,156
TOTAL EXPENDITURES AND OTHER FINANCING USES	805,564	46,681	852,245	852,245
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 46,681	\$ (46,681)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION:

Project number	3450-010-14-1002
Grant date	2/24/2014
Bond authorization date	not applicable
Bonds authorized	not applicable
Bonds issued	not applicable
Original authorized cost	\$ 839,420
Additional authorized cost	12,825
Revised authorized cost	\$ 852,245
Percentage increase over original authorized cost	1.53%
Percentage completion	100.00%
Original target completion date	Aug-14
Revised target completion date	Aug-15

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, 2016

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
State Sources - SDA Grant	\$ 282,628	\$ -	\$ 282,628	\$ 282,628
Transfer from capital reserve	200,000	-	200,000	200,000
Transfer from capital outlay	358,222	-	358,222	358,222
TOTAL REVENUES AND OTHER FINANCING SOURCES	840,850	-	840,850	840,850
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	32,912	10,938	43,850	43,850
Construction services	595,251	188,999	784,250	784,250
Transfer to General Fund	-	12,750	12,750	12,750
TOTAL EXPENDITURES AND OTHER FINANCING USES	628,163	212,687	840,850	840,850
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 212,687	\$ (212,687)	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION:

Project number	3450-010-14-1002
Grant date	2/24/2014
Bond authorization date	not applicable
Bonds authorized	not applicable
Bonds issued	not applicable
Original authorized cost	\$ 681,860
Additional authorized cost	158,990
Revised authorized cost	\$ 840,850
Percentage increase over original authorized cost	23.32%
Percentage completion	100.00%
Original target completion date	Aug-14
Revised target completion date	Aug-15

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, 2016

	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
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	3,000,000	3,000,000	3,000,000
EXPENDITURES AND OTHER FINANCING USES:				
Equipment	-	171,332	171,332	364,128
Purchased professional and technical services	-	15,284	15,284	15,284
Construction services	-	2,212,472	2,212,472	2,620,588
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	2,399,088	2,399,088	3,000,000
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	-
Revised authorized cost	\$ 3,000,000
Percentage increase over original authorized cost	0.00%
Percentage completion	79.97%
Original target completion date	Sep-16
Revised target completion date	Sep-16

**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, 2016

	Food Services	2015 Summer Programs		Property Rentals	Totals
		Summer School	STEM Camp		
ASSETS:					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 222,518	\$ 43,236	\$ 97,032	\$ 219,110	\$ 581,896
Restricted cash and cash equivalents	-	-	-	9,356	9,356
Accounts receivable:					
State	481	-	-	-	481
Federal	16,187	-	-	-	16,187
Other	1,886	-	-	3,256	5,142
Inventories	26,206	-	-	-	26,206
Total Current Assets	267,278	43,236	97,032	231,722	639,268
NONCURRENT ASSETS:					
Capital assets	397,271	-	-	1,700,000	2,097,271
Less: accumulated depreciation	382,402	-	-	20,976	403,378
Total Noncurrent Assets	14,869	-	-	1,679,024	1,693,893
TOTAL ASSETS	282,147	43,236	97,032	1,910,746	2,333,161
LIABILITIES:					
Accounts payable	44,066	-	-	4,024	48,090
Interfund payable	4,000	-	-	-	4,000
Unearned revenue	-	23,997	88,185	-	112,182
Deposits payable	-	-	-	9,356	9,356
Capital leases payable	-	-	-	1,700,000	1,700,000
Accrued interest payable	-	-	-	73,950	73,950
Compensated absences payable	1,446	-	-	-	1,446
TOTAL LIABILITIES	49,512	23,997	88,185	1,787,330	1,949,024
NET POSITION:					
Invested in capital assets, net of related debt	14,869	-	-	(20,976)	(6,107)
Unrestricted	217,766	19,239	8,847	144,392	390,244
TOTAL NET POSITION	\$ 232,635	\$ 19,239	\$ 8,847	\$ 123,416	\$ 384,137

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Food Services	2015 Summer Programs		Property Rentals	Totals
		Summer School	STEM Camp		
OPERATING REVENUES:					
Charges for services:					
Daily sales - reimbursable programs	\$ 691,776	\$ -	\$ -	\$ -	\$ 691,776
Daily sales - non-reimbursable programs	11,755	-	-	-	11,755
Rental income	-	-	-	346,462	346,462
Tuition	-	33,250	110,790	-	144,040
Total Operating Revenues	703,531	33,250	110,790	346,462	1,194,033
OPERATING EXPENSES:					
Salaries and other personnel costs	371,389	43,205	64,414	-	479,008
Payroll taxes and employee benefits	89,909	3,305	4,796	-	98,010
Management fees	45,450	-	-	11,000	56,450
Cost of sales	388,822	-	-	-	388,822
Supplies and materials	38,345	160	10,902	919	50,326
Depreciation	8,160	-	-	20,976	29,136
Maintenance and repairs	6,737	-	-	27,302	34,039
Real estate taxes	-	-	-	45,024	45,024
Other purchased services	25,499	-	20,790	2,104	48,393
Utilities	-	-	-	41,694	41,694
Interest expense	-	-	-	73,950	73,950
Other objects	13,678	24	60	77	13,839
Total Operating Expenses	987,989	46,694	100,962	223,046	1,358,691
OPERATING INCOME (LOSS)	(284,458)	(13,444)	9,828	123,416	(164,658)
NON-OPERATING REVENUES:					
State sources:					
State school lunch program	8,128	-	-	-	8,128
Federal sources:					
School breakfast program	24,393	-	-	-	24,393
National school lunch program	247,466	-	-	-	247,466
After school snack program	1,252	-	-	-	1,252
Special milk program	1,141	-	-	-	1,141
Food donation program	77,261	-	-	-	77,261
Interest income	719	52	104	-	875
Total Non-Operating Revenues	360,360	52	104	-	360,516
NET INCOME (LOSS)	75,902	(13,392)	9,932	123,416	195,858
OTHER FINANCING SOURCES:					
Transfer from General Fund	301	-	-	-	301
Change in net position	76,203	(13,392)	9,932	123,416	196,159
Total net position - beginning	156,432	32,631	(1,085)	-	187,978
Total net position - ending	\$ 232,635	\$ 19,239	\$ 8,847	\$ 123,416	\$ 384,137

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Food Services	2015 Summer Programs		Property Rentals	Total
		Summer School	STEM Camp		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 701,612	\$ 33,104	\$ 96,435	\$ 356,355	\$ 1,187,506
Payments for employees and employee benefits	(474,611)	(46,510)	(69,210)	-	(590,331)
Payments to suppliers for goods and services	(464,900)	(184)	(31,752)	(137,245)	(634,081)
Net cash used in operating activities	<u>(237,899)</u>	<u>(13,590)</u>	<u>(4,527)</u>	<u>219,110</u>	<u>(36,906)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State sources	8,651	-	-	-	8,651
Federal sources	283,144	-	-	-	283,144
Management subsidy	24,319	-	-	-	24,319
Transfer from General Fund	301	-	-	-	301
Net cash provided by non-capital financing activities	<u>316,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,415</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends	719	52	104	-	875
Net increase (decrease) in cash and cash equivalents	79,235	(13,538)	(4,423)	219,110	280,384
Cash and cash equivalents - beginning of year	143,283	56,774	101,455	-	301,512
Cash and cash equivalents - end of year	<u>\$ 222,518</u>	<u>\$ 43,236</u>	<u>\$ 97,032</u>	<u>\$ 219,110</u>	<u>\$ 581,896</u>
Reconciliation of operating loss to net cash used in operating activities:					
Operating income (loss)	\$ (284,458)	\$ (13,444)	\$ 9,828	\$ 123,416	\$ (164,658)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation	8,160	-	-	20,976	29,136
Food donation program	77,261	-	-	-	77,261
Increase in accounts receivable, net	(1,886)	-	-	(3,256)	(5,142)
Increase in inventories	(14,612)	-	-	-	(14,612)
Decrease in accounts payable, net	(24,299)	-	-	4,024	(20,275)
Decrease in deferred revenue	-	(146)	(14,355)	-	(14,501)
Increase in accrued interest payable	-	-	-	73,950	73,950
Decrease in compensated absences payable	(2,065)	-	-	-	(2,065)
Increase in due to/from other funds	4,000	-	-	-	4,000
Total adjustments	<u>46,559</u>	<u>(146)</u>	<u>(14,355)</u>	<u>95,694</u>	<u>127,752</u>
Net cash used in operating activities	<u>\$ (237,899)</u>	<u>\$ (13,590)</u>	<u>\$ (4,527)</u>	<u>\$ 219,110</u>	<u>\$ (36,906)</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, 2016

	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	\$ 393,407	\$ 15,158	\$ 408,565	\$ 252,835	\$ 24,365	\$ 277,200
Accounts receivable	7,262	-	7,262	-	-	-
Interfund receivable	8,079	-	8,079	-	-	-
TOTAL ASSETS	408,748	15,158	423,906	252,835	24,365	277,200
LIABILITIES:						
Accounts payable	18,249	-	18,249	26,335	-	26,335
Payroll deductions and withholdings	-	12,300	12,300	-	-	-
Interfund payable	-	2,858	2,858	-	-	-
Due to student groups	390,499	-	390,499	-	-	-
TOTAL LIABILITIES	408,748	15,158	423,906	26,335	-	26,335
NET POSITION:						
Held in trust for unemployment claims	-	-	-	226,500	-	226,500
Held in trust for medical and dependent care claims	-	-	-	-	24,365	24,365
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ 226,500	\$ 24,365	\$ 250,865

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust	Total Trust Funds
ADDITIONS:			
Contributions:			
Plan members	\$ 131,272	\$ 74,556	\$ 205,828
Board contributions	80,000	-	80,000
Total contributions	<u>211,272</u>	<u>74,556</u>	<u>285,828</u>
Investment earnings:			
Interest	622	61	683
Total investment earnings	<u>622</u>	<u>61</u>	<u>683</u>
Other income:			
Miscellaneous	-	2,439	2,439
Total other income	<u>-</u>	<u>2,439</u>	<u>2,439</u>
Total additions	<u>211,894</u>	<u>77,056</u>	<u>288,950</u>
DEDUCTIONS:			
Quarterly contribution reports	53,543	-	53,543
Unemployment claims	65,069	-	65,069
Qualified medical and dependent care claims	-	76,081	76,081
Service charges	-	2,971	2,971
Total deductions	<u>118,612</u>	<u>79,052</u>	<u>197,664</u>
Change in net position	93,282	(1,996)	91,286
Net position-beginning of the year	133,218	26,361	159,579
Net position-end of the year	<u>\$ 226,500</u>	<u>\$ 24,365</u>	<u>\$ 250,865</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable/ (Receivable)</u>	<u>Balance June 30, 2016</u>
ELEMENTARY SCHOOLS:					
Sandshore School	\$ 10,431	\$ 18,422	\$ 13,466	\$ -	\$ 15,387
Mountain View School	11,047	20,537	15,022	-	16,562
Tinc Road School	25,689	7,780	20,049	-	13,420
CMS Elementary School	<u>17,153</u>	<u>34,400</u>	<u>29,254</u>	<u>(53)</u>	<u>22,352</u>
TOTAL ELEMENTARY SCHOOLS	<u>64,320</u>	<u>81,139</u>	<u>77,791</u>	<u>(53)</u>	<u>67,721</u>
MIDDLE SCHOOL:					
Mount Olive Middle School	<u>161,506</u>	<u>232,392</u>	<u>231,599</u>	<u>9,582</u>	<u>152,717</u>
TOTAL MIDDLE SCHOOL	<u>161,506</u>	<u>232,392</u>	<u>231,599</u>	<u>9,582</u>	<u>152,717</u>
HIGH SCHOOL:					
Mount Olive High School	151,718	310,695	313,920	825	147,668
Athletic Account	<u>55,363</u>	<u>113,345</u>	<u>147,195</u>	<u>(880)</u>	<u>22,393</u>
TOTAL HIGH SCHOOL	<u>207,081</u>	<u>424,040</u>	<u>461,115</u>	<u>(55)</u>	<u>170,061</u>
TOTAL ALL SCHOOLS	<u>\$ 432,907</u>	<u>\$ 737,571</u>	<u>\$ 770,505</u>	<u>\$ 9,474</u>	<u>\$ 390,499</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 PAYROLL AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
Payroll deductions and withholdings	\$ 253,130	\$ 34,042,928	\$ 34,283,758	\$ 12,300
Interest earnings	<u>2,694</u>	<u>2,858</u>	<u>2,694</u>	<u>2,858</u>
Total	<u>\$ 255,824</u>	<u>\$ 34,045,786</u>	<u>\$ 34,286,452</u>	<u>\$ 15,158</u>

LONG-TERM DEBT SCHEDULES

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES			BALANCE JULY 1, 2015	ISSUED	RETIRED	REFUNDED	BALANCE JUNE 30, 2016
			DATE	AMOUNT	INTEREST RATE					
Construction of Mt. Olive Middle School / Facilities Expansion Project - Refunding Bonds	10/29/14	\$ 16,740,000	1/15/2017	\$ 1,875,000	3.00%	\$ 16,735,000	\$ -	\$ 1,830,000	\$ -	\$ 14,905,000
			1/15/2018	1,945,000	4.00%					
			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	2/1/2017	180,000	2.61%	1,145,000	-	175,000	-	970,000
			2/1/2018	185,000	2.96%					
			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	7/15/2016	30,000	4.00%	8,915,000	-	30,000	8,855,000	30,000
Addition/Renovations to Mt. Olive High School - Refunding Bonds	01/04/07	9,500,000	7/15/2016	45,000	4.00%	9,225,000	-	40,000	9,140,000	45,000
Addition/Renovations to Mt. Olive High School - Refunding Bonds	05/31/12	6,175,000	7/15/2016	1,175,000	3.00%	6,020,000	-	1,140,000	-	4,880,000
			7/15/2017	1,215,000	3.00%					
			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	7/15/2016	110,000	3.00%	-	7,540,000	-	-	7,540,000
			7/15/2025	440,000	5.00%					
			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%					

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES			INTEREST RATE	BALANCE JULY 1, 2015	ISSUED	RETIRED	REFUNDED	BALANCE JUNE 30, 2016
			DATE	AMOUNT							
Addition/Renovations to Mt. Olive High School - Refunding Bonds	04/20/16	\$ 8,095,000	7/15/2016	\$ 110,000		3.00%	\$ -	\$ 8,095,000	\$ -	\$ -	\$ 8,095,000
			7/15/2020	1,300,000		4.00%					
			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>\$ 42,040,000</u>	<u>\$ 15,635,000</u>	<u>\$ 3,215,000</u>	<u>\$ 17,995,000</u>	<u>\$ 36,465,000</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance	Issued	Retired	Balance
			Principal	Interest		July 1, 2015			June 30, 2016
(1) 2011 Ford F-350 Super Cab Truck, Computer and Peripheral Equipment	11/10/10	5 Years	450,002	37,463	2.750%	\$ 92,472	\$ -	\$ 92,472	\$ -
(4) 2015 30-Passenger School Buses and (1) 2015 54-Passenger School Bus	06/16/14	5 Years	552,000	22,001	1.434%	444,732	-	108,812	335,920
(4) 2016 30-Passenger School Buses and (1) 2016 50-Passenger School Bus	08/06/15	5 Years	540,000	24,864	1.768%	-	540,000	105,568	434,432
LED Lighting Improvements at Mt. Olive Middle School	12/15/15	5 Years	370,000	19,366	1.877%	-	370,000	35,464	334,536
						<u>\$ 537,204</u>	<u>\$ 910,000</u>	<u>\$ 342,316</u>	<u>\$ 1,104,888</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 4,285,754	\$ -	\$ 4,285,754	\$ 4,285,754	\$ -
Miscellaneous	-	-	-	1,633	1,633
Total local sources	4,285,754	-	4,285,754	4,287,387	1,633
State sources:					
Debt service aid type II	462,710	-	462,710	462,710	-
Total state sources	462,710	-	462,710	462,710	-
TOTAL REVENUES	4,748,464	-	4,748,464	4,750,097	1,633
EXPENDITURES:					
Regular debt service:					
Interest on early retirement bonds	34,276	-	34,276	34,276	-
Interest on loans and serial bonds	1,598,402	-	1,598,402	1,598,401	1
Redemption of principal - early retirement bonds	175,000	-	175,000	175,000	-
Redemption of principal - loans and serial bonds	3,085,000	-	3,085,000	3,085,000	-
Total Regular Debt Service	4,892,678	-	4,892,678	4,892,677	1
TOTAL EXPENDITURES	4,892,678	-	4,892,678	4,892,677	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(144,214)	-	(144,214)	(142,580)	1,634
OTHER FINANCING SOURCES (USES):					
Sources (Uses) of Refunding Bond Issue:					
Refunding bonds	-	-	-	15,635,000	15,635,000
Original issue premium	-	-	-	2,844,176	2,844,176
Payment to refunded bond escrow agent	-	-	-	(18,356,547)	(18,356,547)
Costs of issuance	-	-	-	(119,675)	(119,675)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	2,954	2,954

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(144,214)	-	(144,214)	(139,626)	4,588
FUND BALANCE, July 1	293,335	-	293,335	293,335	-
FUND BALANCE, June 30	\$ 149,121	\$ -	\$ 149,121	\$ 153,709	\$ 4,588
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Budgeted Fund Balance	\$ (144,214)	\$ -	\$ (144,214)	\$ (139,626)	\$ 4,588
Recapitulation of Balances:					
Restricted for:					
Debt service				\$ 4,588	
Assigned to:					
Designated by the Board of Education for subsequent year's expenditures				149,121	
				\$ 153,709	

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,									
	2016	2015	(Restated) 2014	(Restated) 2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Invested in capital assets, net of related debt	\$ 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	\$ 18,618,960
Restricted	10,301,504	9,865,271	6,755,089	3,241,776	2,563,951	1,210,035	20,411	32,181	139,129	984,926
Unrestricted (Deficit)	(26,704,489)	(24,606,865)	(21,296,812)	2,414,935	1,488,319	2,276,040	483,740	(3,576,575)	(4,321,297)	(162,155)
Total governmental activities net position	\$ 15,744,245	\$ 12,572,484	\$ 5,762,538	\$ 26,546,225	\$ 22,286,738	\$ 20,184,492	\$ 18,267,455	\$ 15,190,477	\$ 15,464,005	\$ 19,441,731
Business-type activities:										
Invested in capital assets, net of related debt	\$ (6,107)	\$ 23,029	\$ 34,263	\$ 40,823	\$ 52,592	\$ 64,463	\$ 77,966	\$ 91,469	\$ 105,678	\$ 122,638
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	390,244	164,949	109,048	100,029	192,031	170,029	161,095	193,661	220,513	287,269
Total business-type activities net position	\$ 384,137	\$ 187,978	\$ 143,311	\$ 140,852	\$ 244,623	\$ 234,492	\$ 239,061	\$ 285,130	\$ 326,191	\$ 409,907
District-wide:										
Invested in capital assets, net of related debt	\$ 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	\$ 18,741,598
Restricted	10,301,504	9,865,271	6,755,089	3,241,776	2,563,951	1,210,035	20,411	32,181	139,129	984,926
Unrestricted (Deficit)	(26,314,245)	(24,441,916)	(21,187,764)	2,514,964	1,680,350	2,446,069	644,835	(3,382,914)	(4,100,784)	125,114
Total district net position	\$ 16,128,382	\$ 12,760,462	\$ 5,905,849	\$ 26,687,077	\$ 22,531,361	\$ 20,418,984	\$ 18,506,516	\$ 15,475,607	\$ 15,790,196	\$ 19,851,638

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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
Instruction:										
Regular programs	\$ 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	\$ 28,392,776
Special education programs	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	7,525,425
Other instructional programs	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	1,408,582
School sponsored programs	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	1,130,231
Community services programs	34,540	37,655	40,784	29,698	46,610	53,148	40,789	-	237,671	192,694
Support Services:										
Tuition	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	2,553,357
Student & instruction related services	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	10,224,653
School administrative services	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	4,488,613
Other administrative services	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	2,744,156
Plant operations and maintenance	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	9,626,775
Pupil transportation	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	5,482,210
Charter schools	77,188	98,784	155,488	134,935	95,957	75,946	72,424	-	45,123	47,348
Interest and other debt related charges	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	3,927,627
Unallocated depreciation	55,632	56,360	50,568	52,755	55,909	65,277	79,015	86,339	92,320	101,418
Total governmental activities expenses	<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>	<u>77,845,865</u>
Business-type activities:										
Food service	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	1,441,598
Community school	-	-	-	-	40,056	113,517	160,173	195,828	173,357	181,389
Summer programs	147,656	129,906	34,965	42,822	40,410	50,824	57,488	42,759	39,865	31,801
Property rentals	223,046	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<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>	<u>1,654,788</u>
Total district expenses	<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>	<u>\$ 79,500,653</u>

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Program Revenues										
Governmental activities:										
Charges for services:										
Regular programs (Sunset Academy fees, tuition)	\$ 11,700	\$ 11,700	\$ 15,564	\$ 5,400	\$ 7,053	\$ -	\$ -	\$ -	\$ -	\$ -
Special education programs (tuition)	375,088	234,015	166,822	47,494	56,178	87,350	113,801	103,408	271,335	126,618
School sponsored programs (sports and activity fees)	-	-	-	-	81,658	85,155	63,787	-	-	-
Plant operations and maintenance (building usage, parking)	124,822	124,822	109,545	101,755	158,787	56,007	70,875	50,572	67,918	43,284
Pupil transportation (transportation fees)	6,227	7,180	5,597	57,357	229,595	213,067	24,362	30,235	35,188	93,601
Operating grants and contributions	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	13,027,363
Capital grants and contributions	90,547	1,356,982	-	247,696	266,917	15,454	68,465	-	-	8,700,382
Total governmental activities program revenues	26,922,884	22,688,969	13,467,726	14,529,698	12,935,926	12,683,363	16,502,137	12,009,458	14,000,760	21,991,248
Business-type activities:										
Charges for services:										
Food service	703,531	693,762	724,307	774,919	922,334	950,217	1,001,572	1,059,598	1,088,892	1,076,005
Community school	-	-	-	-	20,271	94,059	152,901	183,467	190,352	167,724
Summer programs	144,040	133,103	30,466	42,904	50,372	36,295	33,813	51,258	47,551	46,494
Property rentals	346,462	-	-	-	-	-	-	-	-	-
Operating grants and contributions	359,641	380,496	365,754	340,497	364,214	345,789	343,921	291,976	317,405	300,809
Total business-type activities program revenues	1,553,674	1,207,361	1,120,527	1,158,320	1,357,191	1,426,360	1,532,207	1,586,299	1,644,200	1,591,032
Total district program revenues	\$ 28,476,558	\$ 23,896,330	\$ 14,588,253	\$ 15,688,018	\$ 14,293,117	\$ 14,109,723	\$ 18,034,344	\$ 13,595,757	\$ 15,644,960	\$ 23,582,280
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (55,854,617)
Business-type activities	194,983	49,714	(112,541)	(105,816)	3,873	(4,938)	(27,003)	(709)	(51,314)	(63,756)
Total district-wide net (expense)/revenue	\$ (74,765,548)	\$ (69,064,043)	\$ (71,748,941)	\$ (70,220,001)	\$ (71,117,547)	\$ (69,471,653)	\$ (66,787,295)	\$ (69,235,968)	\$ (70,280,260)	\$ (55,918,373)

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 49,278,445
Taxes levied for debt service	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	4,239,536
Unrestricted grants and contributions	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	9,817,027
Extraordinary items	(66,165)	(1,278,015)	624,852	21,398	(220,988)	-	-	-	(230,425)	-
Investment earnings	70,942	43,546	10,892	7,604	8,685	12,354	5,987	44,741	177,825	2,228,619
Miscellaneous income	80,774	33,800	69,929	68,690	126,251	344,339	111,856	270,079	932,599	97,776
Transfers	(301)	-	(115,000)	-	(6,201)	-	20,000	42,000	42,000	1,000
Total governmental activities	<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>	<u>65,662,403</u>
Business-type activities:										
Investment earnings	875	486	-	1,345	57	369	934	1,648	9,598	16,637
Miscellaneous income	-	384	-	-	-	-	-	-	-	-
Extraordinary items	-	(5,917)	-	700	-	-	-	-	-	-
Transfers	301	-	115,000	-	6,201	-	(20,000)	(42,000)	(42,000)	(1,000)
Total business-type activities	<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>	<u>15,637</u>
Total district-wide	<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>	<u>\$ 65,678,040</u>
Change in Net Position										
Governmental activities	\$ 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)	\$ 9,807,786
Business-type activities	196,159	44,667	2,459	(103,771)	10,131	(4,569)	(46,069)	(41,061)	(83,716)	(48,119)
Total district	<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>	<u>\$ 9,759,667</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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Restricted	\$ 9,696,004	\$ 9,429,497	\$ 6,937,450	\$ 3,235,107	\$ 2,208,841	\$ 803,360	\$ 16,243	\$ 15,986	\$ 15,676	\$ 389,030
Committed	95,229	555,996	1,276,855	1,105,729	980,583	183,000	-	-	-	19,380
Assigned	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	1,624,143
Unassigned	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)	848,984
Total general fund	<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>	<u>\$ 2,881,537</u>
All Other Governmental Funds										
Restricted for:										
Capital projects	\$ 600,912	\$ 142,439	\$ -	\$ -	\$ 350,454	\$ 403,689	\$ 1,129	\$ 2,200	\$ 123,453	\$ 433,698
Debt service	4,588	149,121	1,113	3,683	2,986	1	-	1	-	162,198
Assigned	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>\$ 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>	<u>\$ 595,896</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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Tax levy	\$ 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	\$ 53,517,981
Tuition charges	375,088	234,015	170,986	47,494	56,178	87,350	113,801	103,408	271,335	126,618
Interest earnings	70,942	43,546	10,892	7,604	8,685	12,354	5,987	44,741	177,825	2,228,619
Transportation fees	6,227	7,180	5,597	57,357	229,595	213,067	24,362	30,235	35,188	93,601
Miscellaneous	212,311	235,322	815,726	197,243	373,749	485,501	246,518	321,443	1,005,621	141,060
State sources	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	30,342,000
Federal sources	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	1,202,772
Total revenue	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	87,652,651
Expenditures										
Instruction:										
Regular Instruction	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	19,549,789
Special education instruction	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	5,169,688
Other instructional programs	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	959,586
School sponsored programs	1,179,989	1,168,238	1,069,470	850,449	868,773	846,534	813,821	770,131	910,714	900,141
Community services programs	34,540	37,655	40,784	29,698	43,857	47,542	35,390	-	164,377	134,694
Support Services:										
Tuition	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	2,553,357
Student & inst. related services	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	7,485,456
School administrative services	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	3,191,495
Other administrative services	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	2,279,895
Plant operations and maintenance	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	7,194,867
Pupil transportation	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	4,356,902
Employee benefits	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	18,482,389
Charter Schools	77,188	98,784	155,488	134,935	95,957	75,946	72,424	65,644	45,123	47,348
Capital outlay	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	19,051,279
Debt service:										
Principal	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	2,061,383
Interest and other charges	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	4,604,490
Total expenditures	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	98,022,759
Excess (Deficiency) of revenues over (under) expenditures	(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)	(10,370,108)

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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other Financing sources (uses)										
Refunding bonds	15,635,000	16,740,000	-	-	7,710,000	-	-	-	-	18,600,000
Original issue premium	2,844,176	2,097,739	-	-	601,529	-	-	-	-	133,310
Payments to escrow agent	(18,356,547)	(18,676,850)	-	-	(8,184,603)	-	-	-	-	(18,465,867)
Costs of issuance	(119,675)	(157,095)	-	-	(126,926)	-	-	-	-	(240,752)
Capital leases	910,000	552,000	-	-	-	506,973	230,000	480,269	516,291	855,822
Transfers in	3,050,288	2,190,388	3,021	47,176	337,355	427,999	126,028	42,000	42,000	193,441
Transfers out	(3,050,589)	(2,190,388)	(118,021)	(47,176)	(343,556)	(427,999)	(106,028)	-	-	(192,441)
Total other financing sources (uses)	<u>912,653</u>	<u>555,794</u>	<u>(115,000)</u>	<u>-</u>	<u>(6,201)</u>	<u>506,973</u>	<u>250,000</u>	<u>522,269</u>	<u>558,291</u>	<u>883,513</u>
Net change in fund balances	<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>	<u>\$ (9,486,595)</u>
Debt service as a percentage of noncapital expenditures	5.57%	5.83%	6.15%	6.14%	6.30%	6.40%	6.30%	6.39%	5.32%	8.44%

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	Other	Annual Totals
2007	\$ 400	\$ 1,461	\$ 6,710	\$ -	\$ 43,284	\$ 34,216	\$ 10,638	\$ -	\$ -	\$ -	\$ -	\$ 1,881	\$ 98,590
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

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
2006	\$74,730,400	\$ 1,220,639,600	\$ 6,929,100	\$ 1,099,900	\$ 263,476,200	\$ 290,086,500	\$ 145,725,000	\$ 2,002,686,700	\$ 3,133,535	\$ 2,005,820,235	\$ 146,217,300	\$ 3,361,290,298	\$ 2.58
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

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	
2006	\$ 2.37	\$ 0.21	\$ 2.58	\$ 0.79	\$ 0.41	\$ 3.79
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

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 Village Real Estate LLC	\$ 99,520,500	1	3.29%	\$ 50,300,000	2	2.51%
SDK Village Green LLC	88,712,200	2	2.94%	48,700,000	3	2.43%
Toys R Us Inc.	49,500,000	3	1.64%	42,000,000	4	2.09%
Exeter 330 Waterloo Valley LLC	35,760,000	4	1.18%	-	-	-
Eagle Rock Village Inc.	32,041,700	5	1.06%	23,465,000	6	1.17%
SCI ITC South Fund, LLC	31,600,000	6	1.05%	-	-	-
Siemens Healthcare Diagnostics Inc.	29,910,900	7	0.99%	-	-	-
ATC Realty Sixteen LLC (formerly BASF Corporation)	25,000,000	8	0.83%	74,500,000	1	3.71%
SCI ITC South Fund, LLC	20,458,600	9	0.68%	-	-	-
350 Clark Drive LLC	20,000,000	10	0.66%	-	-	-
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>\$ 432,503,900</u>		<u>14.32%</u>	<u>\$ 332,317,400</u>		<u>16.57%</u>

Source: Municipal Tax Collector

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	
2006	\$ 51,787,426	\$ 51,787,426	100.00%	-
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%	-

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,	<u>Governmental Activities</u>			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Sewer Connection Project Loan	Bond Anticipation Notes (BANs)			
2007	\$ 64,100,000	\$ 623,390	\$ -	\$ 64,723,390	3.50%	\$ 2,525
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	N/A	1,450
2016	36,465,000	50,000	-	36,515,000	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 2014 and population data is not available beyond 2015.

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		
2007	\$ 64,100,000	\$ -	\$ 64,100,000	3.20%	2,501
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%	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 2015.

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, 2016
 UNAUDITED

	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Township of Mt. Olive ^b	\$ 22,389,014	100.000%	\$ 22,389,014
County of Morris ^c	226,745,317	3.267%	7,408,563
Subtotal, overlapping debt			29,797,577
Mt. Olive Township School District Direct Debt ^d			36,515,000
Total direct and overlapping debt			<u>\$ 66,312,577</u>

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

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 applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

^b Net debt at December 31, 2015 as per the Township's Annual Debt Statement.

^c Net debt at December 31, 2015 as per the County's Annual Debt Statement.

^d School District debt includes all bonds, notes and loans issued as of June 30, 2016 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 2015

		Equalized valuation basis	
		2015	\$ 3,092,723,997
		2014	2,933,654,905
		2013	3,084,757,898
		[A]	<u>\$ 9,111,136,800</u>
	Average equalized valuation of taxable property	[A/3]	\$ 3,037,045,600
	Debt limit (4% of average equalized valuation)	[B]	\$ 121,481,824 ^a
	Total net debt applicable to limit	[C]	36,465,000
	Legal debt margin	[B-C]	<u>\$ 85,016,824</u>

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 131,614,036	\$ 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
Total net debt applicable to limit ^b	64,100,000	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
Legal debt margin	<u>\$ 67,514,036</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	48.70%	43.08%	39.47%	37.77%	37.13%	37.37%	37.21%	36.57%	34.23%	30.02%

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, 2016 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
2006	25,515	\$ 1,747,649,925	\$ 68,495	3.6%
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	N/A	N/A	4.4%

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	818	1	5.27%
Siemens Medical Solutions	505	2	3.25%
Toys R Us	365	3	2.35%
Wal-Mart Stores Inc.	215	4	1.38%
Shop Rite of Flanders	207	5	1.33%
Givaudan Fragrances Corp.	200	6	1.29%
Sam's Club	175	7	1.13%
Mount Olive Township	169	8	1.09%
Lowe's Home Centers Inc.	161	9	1.04%
American Sensor Technologies	102	10	0.66%
	<u>2,917</u>		<u>18.79%</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 2015 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>2007</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>
Instruction:										
Regular	321.0	323.0	307.5	286.0	282.0	270.0	279.8	285.0	290.3	301.0
Special education	123.0	123.0	114.5	121.5	125.0	125.0	106.4	131.4	141.7	149.0
Other instruction	11.0	11.5	11.5	11.5	16.0	16.0	15.2	19.0	16.6	18.6
School sponsored programs	-	-	-	-	-	-	-	1.0	1.0	1.0
Community services programs	2.0	3.0	1.0	1.0	0.3	0.3	-	-	-	-
Support Services:										
Student & instruction related services	121.5	122.5	118.0	124.5	129.8	130.3	134.8	143.6	116.6	111.3
General administration	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.5	4.6
School administrative services	39.0	37.0	36.0	39.0	40.0	40.0	39.0	40.0	37.0	37.0
Business and other support services	10.5	10.5	10.0	9.5	9.5	9.5	9.5	9.5	9.0	9.0
Administrative information technology	6.0	6.0	6.0	6.0	5.0	5.0	6.0	8.0	8.0	8.0
Plant operations and maintenance	69.0	70.0	86.5	88.5	84.0	85.0	85.0	112.0	85.7	92.3
Pupil transportation	68.0	68.0	75.0	73.5	66.0	66.0	69.0	70.5	65.7	70.9
Total	<u>776.0</u>	<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>

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				
2007	5,028.5	\$ 72,305,607	\$ 14,379	6.86%	480	19	21	23	4,965	4,729	0.89%	95.2%
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	23	18	23	4,565	4,330	-2.12%	94.8%

Source: District records

^a Enrollment is based on the annual October district count. The 2016 count represents student enrollment as of October 15, 2015.

^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>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	880	887	887	887	887	887
Enrollment ^b	676	714	719	700	697	692	648	648	681	678
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	886	866	866	866	866	866
Enrollment ^b	628	623	608	607	599	579	526	508	489	475
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	653	589	589	589	589	589
Enrollment ^b	497	440	451	426	422	384	374	376	373	387
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	676	688	688	688	688	688
Enrollment ^b	591	561	538	527	526	494	456	460	460	453
<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	1,200	1,400	1,400	1,400	1,400	1,400
Enrollment ^b	1,223	1,197	1,167	1,164	1,137	1,150	1,157	1,205	1,213	1,125
<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	1,740	1,600	1,600	1,600	1,600	1,600
Enrollment ^b	1,378	1,376	1,425	1,468	1,508	1,456	1,444	1,452	1,473	1,455
<u>Other (3)</u>										
Maintenance and Storage Facility (1925) *										
Square Feet	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Administrative Office Complex (2015)										
Building One - Square Feet	-	-	-	-	-	-	-	-	-	19,198
Building Two - Square Feet	-	-	-	-	-	-	-	-	-	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.

* Facility was utilized as the administration building prior to the acquisition of the Administrative Office Complex in July 2015.

^a Functional capacity for years 2012-2016 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 2016 count represents the number of on roll full-time and shared-time students as of October 15, 2015.

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		
2007	\$ 151,195	\$ 91,755	\$ 88,574	\$ 48,205	\$ 55,085	\$ 63,846	\$ 224,068	\$ 722,728
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
Total School Facilities	\$ 2,148,692	\$ 1,442,701	\$ 649,679	\$ 495,533	\$ 570,711	\$ 722,182	\$ 2,638,317	\$ 8,667,815

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, 2016
UNAUDITED

	Coverage	Deductible
<i>School Alliance Insurance Fund - School Package Policy</i>		
Property:		
Building and personal property	\$ 250,000,000	\$ 2,500
Inland Marine - auto physical damage		
General Liability including Auto and Employee Benefits:		
Per occurrence	\$ 5,000,000	
Fund annual aggregate	\$ 100,000,000	
Medical expenses (excluding student athletes)	\$ 10,000	
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	\$ 1,000
Excess Liability (excludes school board legal liability)	\$ 15,000,000	
School Board Legal Liability	\$ 5,000,000	\$ 10,000
Excess School Board Legal Liability	\$ 15,000,000	
Workers' Compensation:	statutory	
Employer's liability	\$ 5,000,000	
Supplemental indemnity	statutory	
Security Guard Liability	\$ 1,000,000	\$ 5,000
<i>Selective Insurance</i>		
Surety Bonds:		
Board Secretary	\$ 30,000	
Treasurer of School Monies	\$ 400,000	
<i>Bollinger</i>		
Student Accident Insurance	\$ 1,000,000	

Source: Insurance Agent

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

K-1
Page 1 of 2

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, 2016, 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 21, 2016.

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.

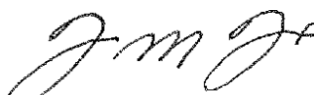
Compliance and Other Matters

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 21, 2016.

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

Newton, New Jersey

November 21, 2016

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

K-2
Page 1 of 3

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, 2016. 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; 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, 2016.

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.

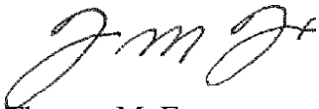
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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

K-2
Page 3 of 3

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

Ferraioli, Wielkatz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Newton, New Jersey

November 21, 2016

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Accounts Receivable June 30, 2015	Cash Received	Budgetary Expenditures	Adjustments	Accounts Receivable June 30, 2016	MEMO GAAP Receivable
				From	To						
U.S. Department of Education											
Passed-through State Department of Education											
General Fund:											
Medicaid Administrative Claiming (MAC)	93.778	1605NJ5MAP	35,843	09/01/15	08/31/16	-	7,087	(7,087)	-	-	-
Special Education Medicaid Initiative (SEMI)	93.778	1605NJ5MAP	65,285	09/01/14	08/31/15	(28,734)	28,734	-	-	-	-
Special Education Medicaid Initiative (SEMI)	93.778	1605NJ5MAP	65,285	09/01/15	08/31/16	-	63,055	(82,983)	-	(19,928)	(19,928)
Total General Fund						(28,734)	98,876	(90,070)	-	(19,928)	(19,928)
Special Revenue Fund:											
Title I Part A, Improving Basic Programs	84.010A	S010A150030	252,651	07/01/14	06/30/15	(95,830)	95,830	-	-	-	-
Title I Part A, Improving Basic Programs	84.010A	S010A150030	231,320	07/01/15	06/30/16	-	158,743	(214,053)	-	(55,310)	(55,310)
Title IIA, Teacher and Principal Training and Recruiting Fund	84.367A	S367A150029	83,963	07/01/14	06/30/15	(32,248)	32,248	-	-	-	-
Title IIA, Teacher and Principal Training and Recruiting Fund	84.367A	S367A150029	129,087	07/01/15	06/30/16	-	66,800	(93,845)	-	(27,045)	(4,088)
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A150030	24,715	07/01/14	06/30/15	(4,971)	4,971	-	-	-	-
Title III, English Language Acquisition and Language Enhancement	84.365A	S365A150030	23,228	07/01/15	06/30/16	-	12,981	(17,857)	-	(4,876)	(4,876)
I.D.E.A. Part B (Basic)	84.027	H027A150100	1,008,526	07/01/14	06/30/15	(215,265)	210,827	-	4,438	-	-
I.D.E.A. Part B (Basic)	84.027	H027A150100	1,054,840	07/01/15	06/30/16	-	768,177	(971,359)	-	(203,182)	(195,214)
I.D.E.A. Part B (Preschool Grants)	84.173	H173A150114	40,768	07/01/14	06/30/15	(7,781)	7,774	-	7	-	-
I.D.E.A. Part B (Preschool Grants)	84.173	H173A150114	47,212	07/01/15	06/30/16	-	29,011	(44,222)	-	(15,211)	(6,242)
Vocational Education - Basic Grants to States	84.048A	V048A140030	22,083	07/01/14	06/30/15	(8,546)	8,546	-	-	-	-
Vocational Education - Basic Grants to States	84.048A	V048A140030	17,816	07/01/15	06/30/16	-	2,556	(16,638)	-	(14,082)	(14,082)
Race to the Top	84.413A	B413A120008	8,533	07/01/12	11/30/15	-	1,975	(1,975)	-	-	-
Total Special Revenue Fund						(364,641)	1,400,439	(1,359,949)	4,445	(319,706)	(279,812)
U.S. Department of Agriculture											
Passed-through State Department of Education											
Enterprise Fund:											
Food Donation	10.550		77,261	09/01/15	08/31/16	-	77,261	(77,261)	-	-	-
School Breakfast Program	10.553	16161NJ304N1099	20,363	09/01/14	08/31/15	(2,450)	2,450	-	-	-	-
School Breakfast Program	10.553	16161NJ304N1099	24,393	09/01/15	08/31/16	-	22,674	(24,393)	-	(1,719)	(1,719)
National School Lunch Program	10.555	16161NJ304N1099	268,001	09/01/14	08/31/15	(22,491)	22,491	-	-	-	-
National School Lunch Program	10.555	16161NJ304N1099	247,466	09/01/15	08/31/16	-	233,054	(247,466)	-	(14,412)	(14,412)
Special Milk for Children	10.556	16161NJ304N1099	1,889	09/01/14	08/31/15	(138)	138	-	-	-	-
Special Milk for Children	10.556	16161NJ304N1099	1,141	09/01/15	08/31/16	-	1,085	(1,141)	-	(56)	(56)
After School Snack	10.555	16161NJ304N1099	1,252	09/01/15	08/31/16	-	1,252	(1,252)	-	-	-
Total Enterprise Fund						(25,079)	360,405	(351,513)	-	(16,187)	(16,187)
Sub-Total Federal Financial Awards						\$ (418,454)	\$ 1,859,720	\$ (1,801,532)	\$ 4,445	\$ (355,821)	\$ (315,927)

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, 2016

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015			Budgetary Expenditures	Refunded to Grantor	Balance at June 30, 2016		MEMO	
					Accounts Receivable	Due to Grantor	Cash Received			Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
					From	To							
State Department of Education													
General Fund:													
Special Education Aid, Carryover	15-495-034-5120-089	\$ 2,928,748	07/01/14	06/30/15	\$ (292,874)	\$ -	\$ 292,874	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education Aid	16-495-034-5120-089	2,928,748	07/01/15	06/30/16	-	-	2,635,874	(2,928,748)	-	-	(292,874)	-	2,928,748
Transportation Aid, Carryover	15-495-034-5120-014	483,485	07/01/14	06/30/15	(48,349)	-	48,349	-	-	-	-	-	-
Transportation Aid	16-495-034-5120-014	483,485	07/01/15	06/30/16	-	-	435,136	(483,485)	-	-	(48,349)	-	483,485
Extraordinary Special Education Costs Aid, Carryover	15-495-034-5120-044	1,637,987	07/01/14	06/30/15	(1,618,514)	-	1,618,514	-	-	-	-	-	-
Extraordinary Special Education Costs Aid	16-495-034-5120-044	1,133,203	07/01/15	06/30/16	-	-	-	(1,133,203)	-	(1,133,203)	-	-	1,133,203
Nonpublic School Transportation Aid, Carryover	15-495-034-5120-014	30,743	07/01/14	06/30/15	(30,743)	-	30,743	-	-	-	-	-	-
Nonpublic School Transportation Aid	16-495-034-5120-014	23,516	07/01/15	06/30/16	-	-	-	(23,516)	-	(23,516)	-	-	23,516
Homeless Tuition Reimbursement, Carryover	N/A	8,580	07/01/14	06/30/15	(8,580)	-	8,580	-	-	-	-	-	-
Homeless Tuition Reimbursement	N/A	21,719	07/01/15	06/30/16	-	-	-	(21,719)	-	(21,719)	-	-	21,719
Equalization Aid, Carryover	15-495-034-5120-078	11,587,203	07/01/14	06/30/15	(1,126,728)	-	1,126,728	-	-	-	-	-	-
Equalization Aid	16-495-034-5120-078	11,587,203	07/01/15	06/30/16	-	-	10,464,388	(11,587,203)	-	-	(1,122,815)	-	11,587,203
Security Aid, Carryover	15-495-034-5120-084	93,288	07/01/14	06/30/15	(9,329)	-	9,329	-	-	-	-	-	-
Security Aid	16-495-034-5120-084	93,288	07/01/15	06/30/16	-	-	83,959	(93,288)	-	-	(9,329)	-	93,288
PARCC Readiness Aid, Carryover	15-495-034-5120-098	44,640	07/01/14	06/30/15	(4,464)	-	4,464	-	-	-	-	-	-
PARCC Readiness Aid	16-495-034-5120-098	44,640	07/01/15	06/30/16	-	-	40,176	(44,640)	-	-	(4,464)	-	44,640
Per Pupil Growth Aid, Carryover	15-495-034-5120-097	44,640	07/01/14	06/30/15	(4,464)	-	4,464	-	-	-	-	-	-
Per Pupil Growth Aid	16-495-034-5120-097	44,640	07/01/15	06/30/16	-	-	40,176	(44,640)	-	-	(4,464)	-	44,640
Reimbursed T.P.A.F. Social Security Tax, Carryover	15-495-034-5094-003	2,284,466	07/01/14	06/30/15	(112,027)	-	112,027	-	-	-	-	-	-
Reimbursed T.P.A.F. Social Security Tax	16-495-034-5094-003	2,321,216	07/01/15	06/30/16	-	-	2,321,216	(2,321,216)	-	-	-	-	2,321,216
On-behalf T.P.A.F. Pension	16-495-034-5094-006	2,379,498	07/01/15	06/30/16	-	-	2,379,498	(2,379,498)	-	-	-	-	2,379,498
On-behalf T.P.A.F. Non-Contributory Insurance	16-495-034-5094-007	118,531	07/01/15	06/30/16	-	-	118,531	(118,531)	-	-	-	-	118,531
On-behalf T.P.A.F. Post Retirement Medical	16-495-034-5094-001	2,974,463	07/01/15	06/30/16	-	-	2,974,463	(2,974,463)	-	-	-	-	2,974,463
Total General Fund					<u>(3,256,072)</u>	<u>-</u>	<u>24,749,489</u>	<u>(24,154,150)</u>	<u>-</u>	<u>(1,178,438)</u>	<u>-</u>	<u>(1,482,295)</u>	<u>24,154,150</u>
Special Revenue Fund:													
Nonpublic Textbook Aid	15-100-034-5120-064	298	07/01/14	06/30/15	-	298	-	-	(298)	-	-	-	-
Nonpublic Nursing Aid	15-100-034-5120-070	474	07/01/14	06/30/15	-	474	-	-	(474)	-	-	-	-
Nonpublic Technology Aid	15-100-034-5120-373	160	07/01/14	06/30/15	-	160	-	-	(160)	-	-	-	-
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					<u>(2,416)</u>	<u>932</u>	<u>-</u>	<u>-</u>	<u>(932)</u>	<u>(2,416)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Projects Fund:													
Schools Construction Corporation Grant	3450-010-14-1002	347,936	02/24/14	08/24/15	(347,936)	-	347,936	-	-	-	-	-	347,936
Schools Construction Corporation Grant	3450-010-14-1002	282,628	02/24/14	08/24/15	(143,233)	-	143,233	-	-	-	-	-	282,628
Total Capital Projects Fund					<u>(491,169)</u>	<u>-</u>	<u>491,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>630,564</u>
Debt Service Fund:													
Debt Service Aid - State Support	16-495-034-5120-075	462,710	07/01/15	06/30/16	-	-	462,710	(462,710)	-	-	-	-	462,710
Total Debt Service Fund					<u>-</u>	<u>-</u>	<u>462,710</u>	<u>(462,710)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>462,710</u>
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program - State Share, Carryover	15-100-010-3350-023	9,151	07/01/14	06/30/15	(1,004)	-	1,004	-	-	-	-	-	-
National School Lunch Program - State Share	16-100-010-3350-023	8,128	07/01/15	06/30/16	-	-	7,647	(8,128)	-	(481)	-	-	8,128
Total Enterprise Fund					<u>(1,004)</u>	<u>-</u>	<u>8,651</u>	<u>(8,128)</u>	<u>-</u>	<u>(481)</u>	<u>-</u>	<u>-</u>	<u>8,128</u>
Total State Financial Assistance					<u>(3,750,661)</u>	<u>932</u>	<u>25,712,019</u>	<u>(24,624,988)</u>	<u>(932)</u>	<u>(1,181,335)</u>	<u>-</u>	<u>(1,482,295)</u>	<u>25,255,552</u>
Less: On-Behalf Pension and Annuity Aid					<u>-</u>	<u>-</u>	<u>5,472,492</u>	<u>(5,472,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,472,492</u>
Total For State Financial Assistance Determination					<u>\$ (3,750,661)</u>	<u>\$ 932</u>	<u>\$ 20,239,527</u>	<u>\$ (19,152,496)</u>	<u>\$ (932)</u>	<u>\$ (1,181,335)</u>	<u>\$ -</u>	<u>\$ (1,482,295)</u>	<u>\$ 19,783,060</u>

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 \$3,913.00 for the general fund and \$19,014.00 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 2016 fiscal year was \$5,472,492.00.

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	\$90,070	\$24,136,344	\$24,244,220
Special Revenue Fund	1,375,613	-	1,359,949
Capital Projects Fund	-	-	-
Debt Service	-	462,710	462,710
Food Service Fund	351,513	8,128	359,641
Total Awards and Financial Assistance	<u>\$1,817,196</u>	<u>\$24,607,182</u>	<u>\$26,426,520</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, 2016. 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, 2016.

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, 2016**

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:
<u>84.027</u>	<u>H027A150100</u>	<u>I.D.E.A. - Part B - Basic</u>
<u>84.173</u>	<u>H173A150114</u>	<u>I.D.E.A. - Part B - Preschool</u>
		CHILD NUTRITION CLUSTER:
<u>10.553</u>	<u>16161NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.556</u>	<u>16161NJ304N1099</u>	<u>Special Milk Program</u>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>After School Snack</u>

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

Auditee qualified as low-risk auditee? yes X no

**TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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

 16-495-034-5120-078
 16-495-034-5120-089
 16-495-034-5120-084
 16-495-034-5120-097
 16-495-034-5120-098

 16-495-034-5120-075

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

 Debt Service Aid

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 AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Status of Prior Year Findings

All findings were corrected.