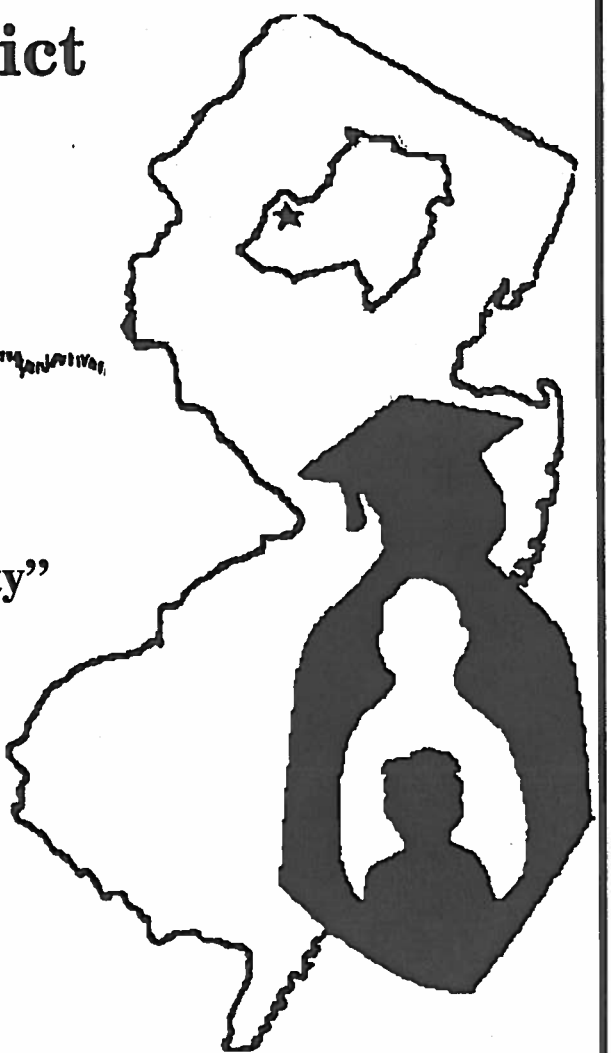
Mt. Olive Township School District



"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, 2014

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT

BUDD LAKE, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

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, 2014

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INTRODUCTORY SECTION

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December 2, 2014

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, 2014. 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 the Single Audit Act amendments of 1996, the U.S. Office of Management and Budget Circular A-133, *"Audits of States, Local Governments and Non-Profit Organizations,"* and New Jersey OMB Circular 04-04 *"Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid."* Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, 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) as established by Statement No. 14, as amended by GASB Statement No. 39. All funds and account groups 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 19% of the District's original 2014 operating budget while local property taxes accounted for 75%. 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 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.

Educational Programs

"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, gifted and talented, and special education programs for handicapped students. A wide variety of in-class support services, resource center, and self-contained programs are available to students with special needs. Course offerings include a number of college preparatory, honors and advanced placement courses. The District also offers 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 26 male and female sports teams at the high school level and 10 male and female sports teams at the middle school level in addition to its renowned, award winning band.

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 Achievement

Recent standardized test scores demonstrate the high degree of emphasis the Mount Olive Township School District places on student performance. Students at the elementary and middle school levels continue to score well on standardized test scores, regularly exceeding State averages in nearly every measurable category. The New Jersey Assessment of Skills and Knowledge (NJASK) assesses basic skills knowledge in the areas of mathematics, reading and language arts for grades 3, 4, 5, 6, 7, and 8. The following table illustrates the proficiency rates for regular education students on the NJASK standardized tests:

	Math	Language Arts
NJASK - Grade 3	90.2%	90.1%
NJASK - Grade 4	93.4%	86.3%
NJASK - Grade 5	94.6%	78.6%
NJASK - Grade 6	99.1%	94.6%
NJASK - Grade 7	91.5%	93.0%
NJASK - Grade 8	95.0%	97.5%

The 2014 High School Proficiency Assessment (HSPA) results are consistent with what is being seen across the District at the elementary and middle school levels. In 2014 the District achieved pass rates of 94.6% in mathematics and 98.8% in language arts, both of which exceeded the State average. The 2014 combined percentage yields a total of 193.4%, the highest in school history.

In the 2013-14 school year, 269 members of the senior class, or 77%, took the Scholastic Aptitude Test. The District's combined average SAT score was 1615, which is 89 points above the state average and 118 points above the national average. In addition, a total of 356 AP examinations were administered to 190 students tested in 23 subject areas. Eighty-eight percent of the exams resulted in a score of 3 or higher with 6 students receiving National Merit Scholarship Letters of Commendation.

Mount Olive High School has been rated among the top 100 high schools in New Jersey by *New Jersey Monthly* since 2010. Eighty-nine percent of the school's 2014 graduates will be pursuing post-secondary education, with 55% attending four-year colleges and universities.

Program Improvements/Academic Initiatives

During the 2014 fiscal year, the Board and administration established a number of academic initiatives, several of which will be implemented during the 2014-2015 school year. The following is a summary of these initiatives:

STEM (Science, Technology, Engineering, Math) Initiative – Mt. Olive High School will offer a new robotics course featuring the innovative NAO Humanoid Robots in a new, specially designed laboratory classroom. At the Middle School, a new SOLO (Student Organized Learning Organization) project known as the Brain Game with be launched this Fall. In addition, exciting new technology products such as drones and flying machines will be deployed across several science and technology classes.

Technology Integration – The District will provide a computer for every student in grades 8, 9, and 10 in the upcoming school year. Grade 8 students will use the newly redesigned Amplify Intel tablets while grades 9 and 10 will feature Chromebooks. All platforms will emphasize the use of Google applications.

Special Education Summit Recommendations – The District will implement a number of Special Education Summit recommendations including more frequent parent meetings, a redesigned responsible inclusion model of service, and new reporting and accounting systems, including the video report card where students report what they are learning to parents via camera-based devices.

Educational Software – Mt. Olive Schools will have access to the exciting Accelus and Dreambox programs, in addition to Compass and Mindplay, for the upcoming school year. The Accelus program was used this past year in the District's credit recovery summer school program. This artful video-based program should provide personalized support to special educators and intervention programs. Dreambox offers students a video game-like format for math remediation and reinforcement. The program will be of particular use in the District's after school environments. Camtasia screencasting software will also be available district-wide, allowing teachers to create videos and "flip" their classes.

Standards-Based Report Cards – The District will amend its elementary school report cards this Fall to mirror the Common Core standards.

PowerSchool for Grades 3-5 – The elementary schools will implement the PowerSchool grading system for grades 3, 4 and 5 this Fall.

LED Lighting Curtain – The District will purchase and install a portable, LED lighting curtain for use by the Fine Arts Department. This technology should provide new, exciting texture to our student and public performances as well as offer students an additional source of vocational training in the area of theatre production.

MOTV Upgrades – The Mt. Olive High School television production studio was upgraded with a host of powerful digital audio and video recording and editing equipment. The new devices should greatly enhance the television production program and further enhance the District's reputation for quality vocational training.

Other Initiatives

In addition to the program improvements and academic initiatives described above, the District undertook the following projects in the 2014 fiscal year:

Facility Upgrades – The District undertook a number of capital improvements and facilities upgrades in the 2014 fiscal year, including new flooring and new windows at the Chester M. Stephens School, a new roof at Tinc Road School, a new boiler at Sandshore School, and an artificial turf field with exterior lighting at the Mt. Olive Middle School. The High School was upgraded with a new STEM lab, various related arts classroom renovations, a new roof over the older sections of the building, and a new football field surface and track.

Food Service Management Company – After back-to-back years of losses in the $100,000 range, the Board decided to hire a food service management company to oversee its food service operations. On June 30, 2014 Maschio's Food Services, Inc. was appointed as the District's food service management company at an annual cost of $45,000 with a guaranteed return of $141,380.

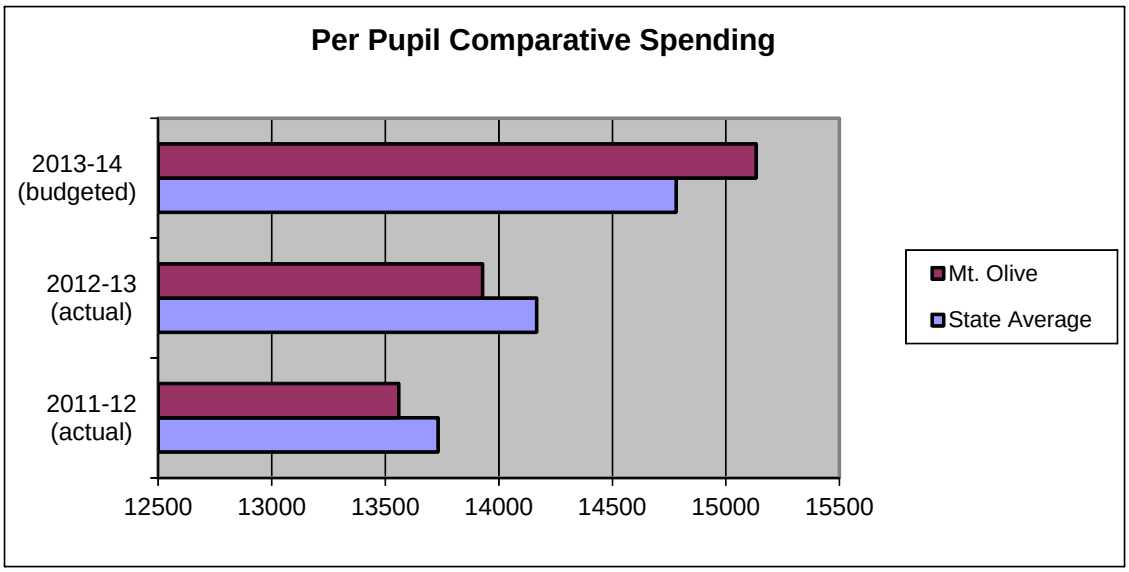
AESOP Substitute Placement and Absence Management System – In the 2014-15 school year, the District will begin using the new AESOP system, the nation's leading automated substitute placement and absence management system. The web and phone-based system will provide the fastest, most efficient and most flexible way to manage employee absences and get qualified substitutes into the classroom.

Purchase Order Requisition System – In June, the District implemented an automated remote purchase order requisition system to replace its existing antiquated purchase order system. The new system provides principals and program managers greater control over their budgets while increasing efficiency in the business office process and utilizing the computerized accounting system to its maximum capabilities.

BoardDocs Program – Over the summer the Board began transitioning to a paperless board meeting solution called "BoardDocs". The BoardDocs program is an easy-to-use internet application that will radically improve the governance process and provide more open communications with the public while saving time, taxpayer dollars and the environment.

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 2013-14 per pupil cost factors were taken from certified budgets on file with the State Department of Education. The report showed that the District budgeted $15,133 per pupil while the state average for similar districts was $14,781. Of the 103 districts, the Mount Olive Township School District ranked 62nd in budgeted per pupil spending in 2013-14. 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 exceeded the state average, actual costs remain 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.

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 voters of the Township. 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 reservations of 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, Wielkotz, Cerullo & Cuva, P.A. was selected by the Board in June 2013. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act amendments of 1996, and the related Federal and State OMB Circulars A-133 and 04-04. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit were 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.

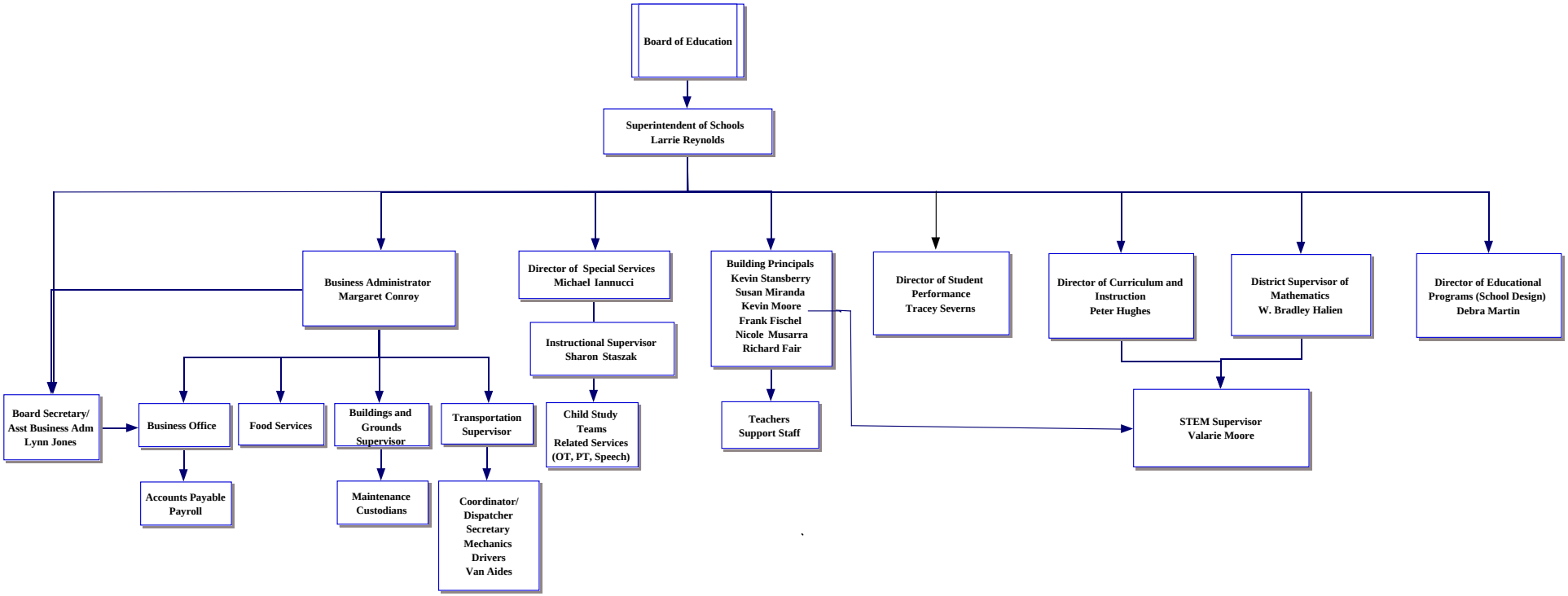
Respectfully submitted,

Larrie Reynolds, Ed.D.
Superintendent of Schools

Margaret Conroy, SFO
Business Administrator

Lynn Jones, CPA
Board Secretary
Assistant Business Administrator

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ORGANIZATIONAL CHART



In the event the Superintendent is not available, contact the Director of Educational Programs, Dr. Debra Martin. If the Director of Educational Programs is not available, contact the Business Administrator, Margaret Conroy. If the Business Administrator is not available, contact the Director of Special Services, Mr. Michael Iannucci.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2014

Members of the Board of Education	**Term Expires December 31,**
Anthony Giordano, President	2016
Rhonda Lake-Cohen, Vice-President	2015
Tim Halbur	2014
Sheryl Licciardi-Colligan *(resigned 6/30/14)*	2014
Elizabeth Ouimet	2015
William Robinson	2016
Brian Schaechter	2016
Anthony Strillacci	2015
Mark Werner	2014

Other Officials

Larrie Reynolds, Ed.D., Superintendent

Margaret Conroy, SFO, Business Administrator

Lynn Jones, CPA, Board Secretary/Assistant Business Administrator

Sherry Davis, Treasurer of School Monies

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Mount Olive School District, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2014, 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.

FWCC

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Mount Olive Board of Education, in the County of Morris, State of New Jersey, as of June 30, 2014, 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 and Budgetary Comparison Information, 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.

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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 Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 December 2, 2014 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 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, Wielkotz, Cerullo & Cuva
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

December 2, 2014

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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, 2014
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, 2014. 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 2014 are as follows:

- Net position at year-end totaled $31,523,860, which represents an increase of $4,398,456, or 16%, over the prior year net position ending balance of $27,125,404. The most significant portion of the District's combined net position represents the District's investment in capital assets less any related outstanding debt that was used to acquire those assets. At June 30, 2014 the District had $20,338,524 invested in capital assets, net of related debt. In addition, $6,755,089 was restricted for capital projects, debt service, and future operating budgets, resulting in an unrestricted net position balance of $4,430,247.
- Total assets increased by $1,189,767. The increase was primarily attributable to an increase in cash totaling $3,520,667 offset by a decrease in capital assets of $1,694,046. The increase in cash reflects management's conservative budgeting philosophy, coupled with the District's stringent spending constraints, while the decrease in capital assets is the amount by which depreciation on capital assets exceeded investments in capital assets. Other assets, such as accounts receivable, unamortized bond issuance costs, and inventory decreased $636,854. The decrease in unamortized bond issuance costs is the result of the District's implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* which established that debt issuance costs should be recognized as an expense in the period incurred. As a result, the prior year financial statements were restated to eliminate unamortized bond issuance costs as of June 30, 2013.
- Total liabilities decreased $1,372,990. This amount is primarily attributable to a decrease in noncurrent liabilities such as bonds, loans, capital leases, and accrued compensated absences which totaled $1,292,774. Other liabilities, such as accrued interest payable and unamortized bond premium decreased $240,977, while accounts payable and unearned revenue increased $160,761.
- General revenues such as property taxes, unrestricted federal and state aid, investment earnings, and miscellaneous income amounted to $75,960,872, which represents 83.3% of total revenue. The largest source of revenue for the District continues to be locally assessed property taxes, which accounted for $64,263,186, or 84.6%, of general revenues. Program specific revenues in the form of charges for services and grants and contributions totaled $14,588,253, or 16% of total revenue, while gains on the sale of capital assets totaled $624,852, the remaining .7%. Overall, total revenues increased $671,915, approximately three-quarters of one percent over the prior year.
- Expenses totaled $86,337,194. Of this amount, only $14,588,253 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 $75,960,872 were sufficient to provide for the balance of governmental expenses. Overall, expenses increased $429,175, approximately one-half of one percent over the prior year.

Overview of the Financial Statements

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

1) District-wide financial statements

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Two statements make up the district-wide financial statements - the Statement of Net Position and the Statement of Activities.

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

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

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

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

- Governmental activities – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-Type activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service, Summer School, and Community School enterprise funds are reported as business-type activities.

2) Fund financial statements

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

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

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

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

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

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

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (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, 2014 and June 30, 2013.

Table 1
Net Position

	2014	2013
Assets		
Current and Other Assets	$15,187,156	$12,303,343
Capital Assets	66,092,952	67,786,998
Total Assets	81,280,108	80,090,341
Deferred Outflows of Resources	1,835,699	-
Liabilities		
Noncurrent Liabilities	48,450,856	49,743,630
Other Liabilities	3,141,091	3,221,307
Total Liabilities	51,591,947	52,964,937
Net Position		
Invested in Capital Assets, Net of Related Debt	20,338,524	20,930,337
Restricted	6,755,089	3,241,776
Unrestricted	4,430,247	2,953,291
Total Net Position	$31,523,860	$27,125,404

The largest 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, 2014 this figure amounted to $20,338,524, or 64.5% of the District's total net position.

The next significant portion of the District's combined net position represents resources that are subject to external restrictions. The restricted net position amount has been earmarked for the following purposes:

- $4,833,811 is restricted for capital projects. This amount represents funds restricted for capital projects that are partially funded by SDA grant funds and amounts included in the capital reserve account.
- $4,796 is restricted for debt service. Of this amount, $3,683 has been appropriated and included as anticipated revenue in the Debt Service Fund budget for the fiscal year ending June 30, 2015.
- $1,916,482 is restricted to finance subsequent year's expenditures. This amount represents current year excess surplus which must be appropriated and included as anticipated revenue in the General Fund budget for the fiscal year ending June 30, 2015.

The remaining unrestricted net asset balance of $4,430,247 is the residual product of various transactions, including the net results of activities. Table 2 provides a summary of these activities and shows the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

Table 2
Changes in Net Position

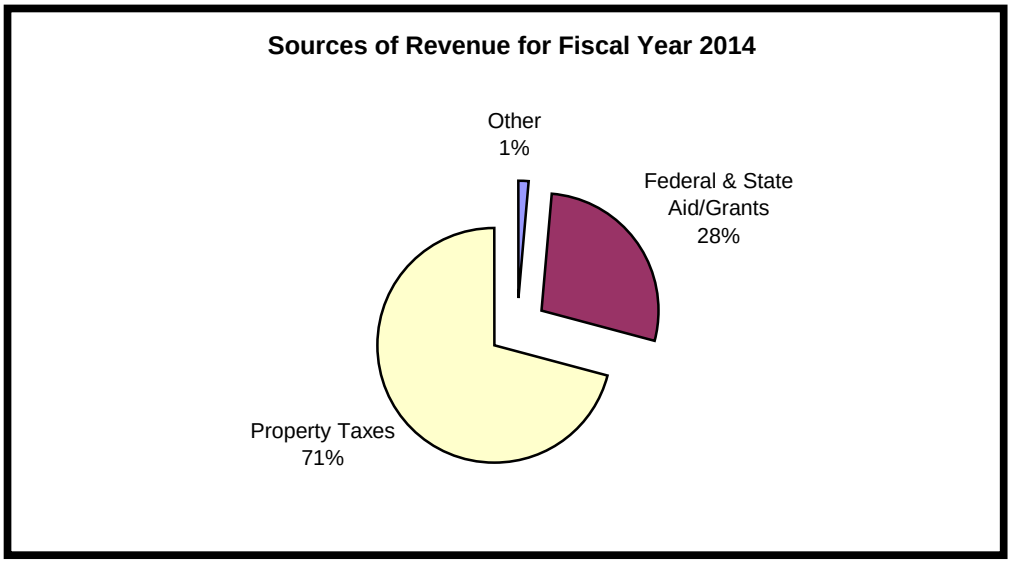
	2014	2013
Revenues		
Program Revenues:		
Charges for services	$1,052,301	$1,029,829
Grants and contributions	13,535,952	14,658,189
General revenues:		
Property taxes	64,263,186	63,076,240
Grants and entitlements	11,616,865	11,638,067
Other	80,821	99,737
Total Revenues	90,549,125	90,502,062
Program Expenses		
Instruction	42,957,902	43,451,041
Support Services:		
Pupils and instructional staff	14,682,198	14,589,038
General administration, school administration, business and other support services	8,009,306	7,805,684
Plant operations and maintenance	12,148,221	11,366,854
Pupil transportation	5,079,433	5,033,828
Interest and other debt related charges	2,176,498	2,344,683
Food service operations	1,198,103	1,221,314
Other	85,533	95,577
Total Program Expenses	86,337,194	85,908,019
Extraordinary Items		
Gain on sale of capital assets	624,852	-
Increase in Net Position	$4,836,783	$4,594,043

In addition to 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 $3,306,729.
- Depreciation on capital assets exceeded investments in capital assets by $1,694,046.

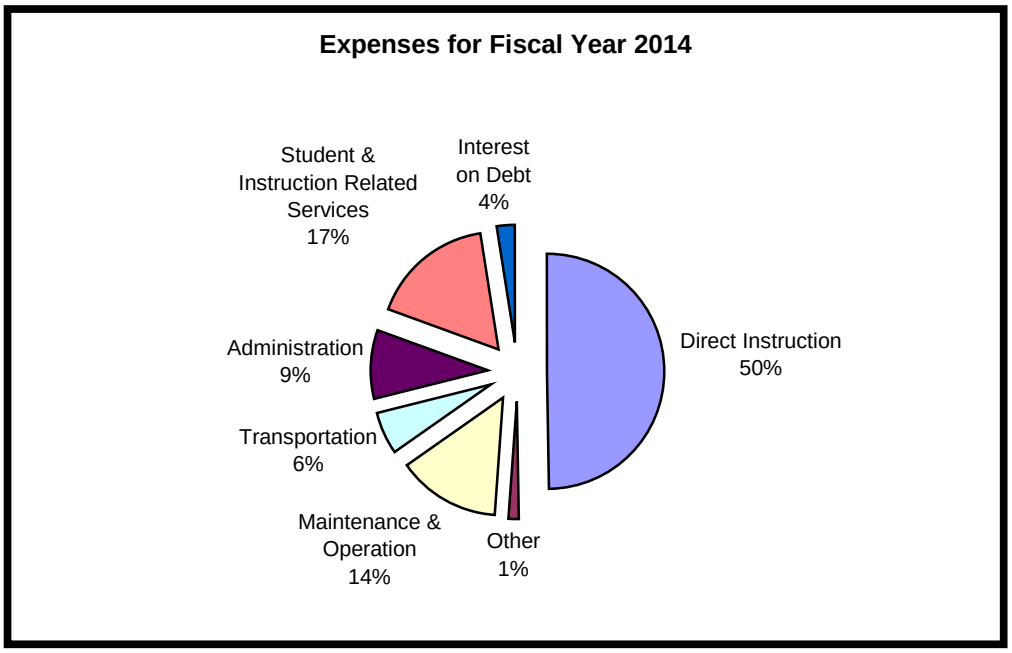
Revenues

Property taxes made up 71 percent of revenues for the Mount Olive Township School District for the fiscal year 2014. Federal, state, and local aid and grants accounted for another 28 percent of revenue. The remaining 1 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 2014:



Expenses

The total cost of all programs and services was $86,337,194. Direct instruction and instruction related services comprised two-thirds of the District's total expenses. The following chart illustrates the District's expenses for the fiscal year 2014:



Instruction includes activities directly related to the interaction between teacher and student. Instruction includes all regular and special education programs, basic skills/remedial programs, bilingual education, and 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 and summer school program.

Financial Analysis of the District's Funds

Enterprise Funds

As stated earlier, 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 following is a summary of the financial activities of the individual funds:

- In the food service enterprise fund, revenues totaled $1,090,061 and expenses totaled $1,198,103, resulting in a net loss of $108,042. The net loss was primarily attributable to a reduction in student participation in the District's lunch program. The fund experienced a similar loss in the 2013 fiscal year, prompting the Board to consider hiring an outside food service management company. In June, the Board transferred $115,000 to the food service fund to mitigate the net loss and keep the fund solvent. At the end of the school year, the Board decided to disban its inhouse operations and hire an outside food service management company to oversee its food service operations. On June 30, Maschio's Food Services, Inc. was appointed as the District's food service management company at an annual cost of $45,000 with a guaranteed return of $141,380.

- In the summer school enterprise fund, revenues totaled $30,466 and expenses totaled $34,965, resulting in a net loss of $4,499. Charges for services, which represent amounts paid by students for program tuition, amounted to 100% of total revenue. Salaries and employee benefits amounted to $31,095, or 89% of total expenses. At the end of the 2014 school year, the administration developed a new, summer STEM Camp program that is expected to generate substantial revenue for the summer school fund. The summer school generally operates on a break-even basis.

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 $83,423,876 and expenditures and other financing uses totaled $80,077,631, resulting in a net increase in fund balance of $3,346,245. This amount was anticipated by management and demonstrates the Board's ongoing commitment to accumulate and maintain a robust fund balance through stringent budgetary constraints as demonstrated by the comparison of expenditures on the subsequent page.
- In the General Fund, the year-end fund balance amounted to $14,302,679. Of this amount, $5,020,968 has been restricted for capital reserve, $1,916,482 has been restricted as current year excess surplus which will be appropriated and included as anticipated revenue in the 2015-2016 annual budget, $1,276,855 is committed for specific purposes approved by the Board, $3,286,843 is assigned for subsequent year's expenditures; and $894,078 is assigned for year-end encumbrances. The remaining balance of $1,907,453 is unassigned.
- In the Special Revenue Fund, revenues and expenditures totaled $1,454,024, 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, expenditures totaled $187,157, resulting in a negative unassigned fund balance of an equal amount. The amount expended represents architectural/engineering fees for five capital projects that will be partially funded by the State. The deficit fund balance is the result of a timing difference between the years in which the capital projects were awarded and budgeted. The projects were awarded at the end of the 2014 fiscal year and the local funds were budgeted in the 2014-2015 annual budget.
- In the Debt Service Fund, revenues totaled $5,178,571 and expenditures totaled $5,180,444, resulting in a net decrease in fund balance of $1,873. The year-end fund balance amounted to $4,796, which must be appropriated and included as anticipated revenue in future Debt Service budgets.

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, 2014 and the amount and percentage of increase/(decrease) in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2013	Percentage Increase (Decrease)
Local Sources	$65,266,387	72.48%	$1,880,449	2.97%
State Sources	23,286,891	25.86%	(1,368,355)	-5.55%
Federal Sources	1,500,172	1.67%	199,659	15.35%
	$90,053,450	100.00%	$711,753	0.80%

Overall, revenues increased minimally – less than 1% in total. The increase in local sources is primarily attributable to an increase in the local tax levy of $1,186,946. Local property taxes comprised 81% of the District's original operating budget and accounted for 71% of the District's total revenue. In addition, revenue from other local sources increased $693,503. This increase was primarily due to the sale of the cell tower, which amounted to $603,307.

The decrease in state sources is primarily attributable to a decrease in state on-behalf pension, social security, and post-retirement medical benefits totaling $1,003,562, a decrease in extraordinary aid of $222,167, and a decrease in NJSDA grant funds totaling $247,696. These decreases were slightly offset by modest increases in categorical aids, debt service aid, and other state aid totaling $105,070.

The increase in federal sources is attributable to an increase in amounts spent through federally funded programs.

The following schedule presents a summary of the governmental fund expenditures for the fiscal year ended June 30, 2014 and the amount and percentage of increase in relation to prior year expenditures.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2013	Percentage Increase (Decrease)
Current:				
Distributed Expenditures-Instruction	$30,644,996	35.31%	$375,294	1.24%
Undistributed Expenditures	48,405,828	55.78%	(165,315)	-0.34%
Capital Outlay	2,549,967	2.94%	(1,136,082)	-30.82%
Debt Service	5,180,444	5.97%	23,230	0.45%
	$86,781,235	100.00%	($902,873)	-1.03%

Distributed Expenditures-Instruction includes all activities associated with the instructional programs including regular and special education, basic skills and remedial instruction, bilingual education, and school sponsored co-curricular, athletic, and after school programs. The increase in distributed expenditures is largely attributable to an increase in instructional salaries. During the 2014 fiscal year, salaries for special education increased $209,353, salaries for basic skills and bilingual education increased $103,689, and salaries for school sponsored co-curricular, athletic, and after school programs increased $180,719. These increases were partially offset by a decrease in regular education salaries totaling $327,651. Like most service entities, salaries comprise the vast majority of the District's expenses. Salary increases are the result of negotiated pay rates, coupled with the need for additional instructional staff to meet the demands of the educational program and students with special needs.

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 decrease in undistributed expenditures is largely attributable to a decrease in state on-behalf pension, social security, and post retirement benefits totaling $1,003,562. This significant decrease was partially offset by an increase in salaries totaling $533,588, an increase in tuition of $87,224, and an increase in utilities totaling $186,896.

Capital Outlay includes machinery and equipment purchases greater than $2,000, facilities acquisition and construction services, and assets acquired under capital leases. While capital outlay expenditures decreased over the prior year, the $2.5 million investment 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 2014 fiscal year, machinery and equipment purchases totaled $893,840 while building and site improvements totaled $1,331,561.

Significant machinery and equipment purchases include the purchase of 67 smartboards for instructional use, 2 humanoid robots for the robotics program, upgraded cameras and related studio equipment for the television production program, 3 new Ford trucks for the maintenance department, a John Deere commercial mower, a Toro workman utility vehicle, and a salt spreader for the grounds department, self-serve security kiosks and panic alarm systems for each school building, and upgraded stage lighting for the high school performing arts center.

Significant building and site improvements include the district-wide upgrade of the network core and switches, renovations to the related arts/robotics classrooms, security door upgrades, a new exterior storage building for custodial use, the replacement of stairwell tread and tile at Mt. Olive High School, HVAC upgrades at Sandshore and Mt. View Schools, boiler replacement at Sandshore School, window replacement at the Chester M. Stephens School and Mt. Olive High School, roof replacement at Tinc Road School and Mt. Olive High School, and athletic field upgrades at both the high school and middle school.

Debt Service includes all of the District's bonded debt and loan obligations. The District's debt service requirements are driven by the amount of annual maturities and the corresponding interest payments for each debt obligation. In the 2014 fiscal year, the District's principal payments increased by $64,799 while associated interest payments decreased by $41,569.

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 56 for the General Fund. The District's year-end actual results were significantly better than had been projected, as conservative budgetary practices are customary.

The following points highlight key areas of the 2013-2014 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 must be reflected as revenue and expenditures in the financial statements.
- Excluding on-behalf TPAF pension, post retirement medical benefits and social security contributions, revenues exceeded budgeted estimates by $1,226,724, or 1.6% of anticipated revenues. The excess is largely attributable to extraordinary aid, which amounted to $1,864,928 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 submitted. Consequently, tuition income may vary throughout the year based on the status of incoming students. In the 2014 fiscal year tuition income exceeded budgeted estimates by $135,986.
- Interest income was slightly more than the amount originally anticipated as the economy continues to recover from historically low rates. In the 2014 fiscal year interest earnings exceeded budgeted estimates by $4,392.
- 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. The transportation department routinely monitors their routes to maximize efficiency. In the 2014 fiscal year budgeted estimates exceeded actual revenues by $28,403.
- 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 2014 fiscal year budgeted estimates for miscellaneous income exceeded actual revenues by $835,297. The shortfall was primarily due to the fact that the District budgeted $1.45 million for the sale of the administration building and surrounding property; however, the District only received $603,307 for the sale of the cell tower.
- Excluding on-behalf TPAF pension, post retirement medical benefits and social security contributions, unexpended appropriations totaled $7,949,467, or 9.7% of the final budget. Of this amount, $2,170,933 is reserved for encumbrances, which will be expended in the subsequent fiscal year, and $3,000,000 was deposited into the capital reserve account to fund future capital improvements.
- The 2014 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 2013-14 school year, the Board sought County authorization to exceed the 10 percent transfer limit once - for the purchase of technology software, services and licensing for a Cisco Identity Services Engine (ISE) and network access controller wireless system. 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 2013-14 fiscal year.

Capital Assets

At June 30, 2014, the District had $66,092,952 invested in land, 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)

	2014	2013
Land	$ 703,670	$ 703,670
Site and site improvements	2,203,967	2,287,684
Building and building improvements	59,358,736	61,215,456
Furniture, equipment and machinery	3,826,579	3,580,188
Total Capital Assets	$ 66,092,952	$ 67,786,998

Overall, the District invested $2,365,460 in capital assets for the fiscal year 2014. Of this amount, $95,855 was invested in site and site improvements, $1,258,200 was invested in building and building improvements, and $1,011,405 was invested in furniture, equipment, and machinery. Depreciation expense for the current fiscal year totaled $4,059,506.

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, 2014, the District had $48,450,856 in long-term outstanding debt, of which $3,474,643 is due within one year. The following table illustrates the District's outstanding debt at June 30, 2014 and June 30, 2013.

Table 4
Outstanding Debt

	2014	2013
Outstanding Bonds, Loans and Notes		
1998 Trust Loan – Sewer Connection Project	$ 140,000	$ 180,000
1998 Fund Loan – Sewer Connection Project	-	40,668
2004 Serial Bonds – High School Additions and Renovations	1,075,000	2,095,000
2004 Refunding Bonds – Mt. Olive Middle School/District Expansion	20,075,000	21,825,000
2006 Refunding Bonds - High School Additions and Renovations	8,940,000	8,965,000
2007 Refunding Bonds - High School Additions and Renovations	9,265,000	9,305,000
2011 Refunding Bonds - ERIP Liability	1,315,000	1,480,000
2012 Refunding Bonds - High School Additions and Renovations	6,050,000	6,075,000
Other Noncurrent Liabilities		
Capital Leases Payable	209,428	410,489
Accrued Compensated Absences Payable	1,381,428	1,406,969
Total Long-term Outstanding Debt	$ 48,450,856	$ 51,783,126

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 $127,755,664, resulting in an available borrowing margin of $81,035,664 at June 30, 2014.

At June 30, 2014 the District had no authorized but not issued debt.

Additional information on the District's 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 19% of the District's original 2014 operating budget while local property taxes accounted for 75%. 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. Labor agreements with the International Brotherhood of Teamsters and the Mt. Olive Administrators and Supervisors Association are currently settled. The labor agreement with the Education Association of Mt. Olive expired on June 30, 2014; however, negotiations for a successor agreement are complete and the Board is awaiting ratification from the union membership. 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, 89 Route 46, Budd Lake, NJ 07828. 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, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents (Note 3)	$ 7,327,461	$ 246,252	$ 7,573,713
Receivables, net (Note 6)	2,504,799	62,836	2,567,635
Internal balances (Note 7)	83,688	(83,688)	-
Inventory (Note 4)	-	8,960	8,960
Restricted assets:			
Cash and cash equivalents	15,880	-	15,880
Capital reserve account - cash (Note 5)	5,020,968	-	5,020,968
Capital assets, non-depreciable (Note 8)	703,670	-	703,670
Capital assets, depreciable, net (Note 8)	65,355,019	34,263	65,389,282
Total Assets	81,011,485	268,623	81,280,108
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	1,835,699	-	1,835,699
LIABILITIES			
Current liabilities:			
Accounts payable	822,126	23,627	845,753
Unearned revenue	10,352	88,200	98,552
Accrued interest payable	906,362	-	906,362
Unamortized bond premium	1,290,424	-	1,290,424
Noncurrent liabilities, net (Note 9):			
Due within one year	3,461,158	13,485	3,474,643
Due beyond one year	44,976,213	-	44,976,213
Total Liabilities	51,466,635	125,312	51,591,947
NET POSITION			
Invested in capital assets, net of related debt	20,304,261	34,263	20,338,524
Restricted for:			
Capital projects	4,833,811	-	4,833,811
Debt service	4,796	-	4,796
Other purposes	1,916,482	-	1,916,482
Unrestricted	4,321,199	109,048	4,430,247
Total Net Position	$ 31,380,549	$ 143,311	$ 31,523,860

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, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular programs	$ 30,374,097	$ 15,564	$ 3,254,120	$ -	$ (27,104,413)	$ -	$ (27,104,413)
Special education programs	9,095,697	166,822	4,393,991	-	(4,534,884)	-	(4,534,884)
Other instructional programs	2,033,353	-	598,996	-	(1,434,357)	-	(1,434,357)
School sponsored programs	1,413,971	-	-	-	(1,413,971)	-	(1,413,971)
Community services programs	40,784	-	-	-	(40,784)	-	(40,784)
Support services:			-				
Tuition	2,886,428	-	1,874,285	-	(1,012,143)	-	(1,012,143)
Student & instruction related services	11,795,770	-	1,397,748	-	(10,398,022)	-	(10,398,022)
School administrative services	4,534,163	-	409,513	-	(4,124,650)	-	(4,124,650)
Other administrative services	3,475,143	-	58,748	-	(3,416,395)	-	(3,416,395)
Plant operations and maintenance	12,148,221	109,545	96,409	-	(11,942,267)	-	(11,942,267)
Pupil transportation	5,079,433	5,597	501,899	-	(4,571,937)	-	(4,571,937)
Unallocated depreciation	50,568	-	-	-	(50,568)	-	(50,568)
Interest and other debt related charges	2,176,498		584,489		(1,592,009)		(1,592,009)
Total governmental activities	85,104,126	297,528	13,170,198	-	(71,636,400)	-	(71,636,400)
Business-type activities:							
Food service	1,198,103	724,307	365,754	-	-	(108,042)	(108,042)
Summer programs	34,965	30,466	-	-	-	(4,499)	(4,499)
Total business-type activities	1,233,068	754,773	365,754	-	-	(112,541)	(112,541)
Total primary government	$ 86,337,194	$ 1,052,301	$ 13,535,952	$ -	$ (71,636,400)	$ (112,541)	$ (71,748,941)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					$ 59,670,216	$ -	$ 59,670,216
Taxes levied for debt service					4,592,970	-	4,592,970
Federal and State aid not restricted					11,616,865	-	11,616,865
Investment earnings					10,892	-	10,892
Miscellaneous income					69,929	-	69,929
Extraordinary Item - Gain on Sale of Capital Assets					624,852	-	624,852
Transfers					(115,000)	115,000	-
Total general revenues, special items, extraordinary items and transfers					76,470,724	115,000	76,585,724
Change in Net Position					4,834,324	2,459	4,836,783
Net Position - Beginning (Restated)					26,546,225	140,852	26,687,077
Net Position - Ending					$ 31,380,549	$ 143,311	$ 31,523,860

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, 2014

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 7,327,461	$ -	$ -	$ 15,880	$ 7,343,341
Due from other funds	548,848	-	-	-	548,848
Receivables from other governments	2,044,280	357,433	-	-	2,401,713
Other accounts receivable	93,912	-	-	-	93,912
Restricted cash and cash equivalents	5,020,968	-	-	-	5,020,968
Total assets	$ 15,035,469	$ 357,433	$ -	$ 15,880	$ 15,408,782
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 725,095	$ 78,795	$ -	$ 11,084	$ 814,974
Intergovernmental accounts payable	-	457	-	-	457
Deposits payable	6,695	-	-	-	6,695
Due to other funds	-	268,829	187,157	-	455,986
Unearned revenue	1,000	9,352	-	-	10,352
Total liabilities	732,790	357,433	187,157	11,084	1,288,464
Fund balances:					
Restricted for:					
Capital reserve	5,020,968	-	-	-	5,020,968
Excess surplus - current year	1,916,482	-	-	-	1,916,482
Debt service	-	-	-	1,113	1,113
Committed to:					
Other purposes	1,276,855	-	-	-	1,276,855
Assigned to:					
Designated by the Board of Education for subsequent year's expenditures	3,286,843	-	-	3,683	3,290,526
Other purposes	894,078	-	-	-	894,078
Unassigned	1,907,453	-	(187,157)	-	1,720,296
Total fund balances	14,302,679	-	(187,157)	4,796	14,120,318
Total liabilities and fund balances	$ 15,035,469	$ 357,433	$ -	$ 15,880	$ 15,408,782

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, 2014

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

Total fund balances - governmental funds		$ 14,120,318
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	$120,772,352	
Accumulated depreciation	(54,713,663)	
		66,058,689
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	(2,425,883)	
Accumulated amortization	1,135,459	
		(1,290,424)
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 amount on refunding	3,443,750	
Accumulated amortization	(1,608,051)	
		1,835,699
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	(46,720,000)	
Loans payable	(140,000)	
Capital leases payable	(209,428)	
Accrued interest on bonds, notes, and capital leases	(906,362)	
Accrued compensated absences	(1,367,943)	
		(49,343,733)
Net position of governmental activities		$ 31,380,549

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, 2014

	Major Funds				
REVENUES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local sources:					
Local tax levy	$59,670,216	$ -	$ -	$ 4,592,970	$64,263,186
Tuition charges	170,986	-	-	-	170,986
Interest on investments	6,838	-	-	-	6,838
Interest earned on capital reserve funds	4,054	-	-	-	4,054
Transportation fees	5,597	-	-	-	5,597
Miscellaneous	814,614	-	-	1,112	815,726
Total - Local Sources	60,672,305	-	-	4,594,082	65,266,387
State sources	22,695,866	6,536	-	584,489	23,286,891
Federal sources	52,684	1,447,488	-	-	1,500,172
Total revenues	83,420,855	1,454,024	-	5,178,571	90,053,450
EXPENDITURES					
Current:					
Regular instruction	21,583,826	21,834	-	-	21,605,660
Special education instruction	5,898,495	554,585	-	-	6,453,080
Other instructional programs	1,137,035	338,967	-	-	1,476,002
School sponsored programs	1,069,470	-	-	-	1,069,470
Community services programs	40,784	-	-	-	40,784
Support services and undistributed costs:					
Tuition and transfers to charter schools	2,877,071	9,357	-	-	2,886,428
Student & instruction related services	8,152,591	376,191	-	-	8,528,782
School administrative services	3,166,897	-	-	-	3,166,897
Other administrative services	2,745,813	-	-	-	2,745,813
Plant operations and maintenance	7,095,980	-	-	-	7,095,980
Pupil transportation	3,950,618	-	-	-	3,950,618
Unallocated employee benefits	19,890,409	140,901	-	-	20,031,310
Capital outlay	2,353,642	9,168	187,157	-	2,549,967
Debt service:					
Principal	-	-	-	3,105,668	3,105,668
Interest and other charges	-	-	-	2,074,776	2,074,776
Total expenditures	79,962,631	1,451,003	187,157	5,180,444	86,781,235
Excess (Deficiency) of revenues over expenditures	3,458,224	3,021	(187,157)	(1,873)	3,272,215
OTHER FINANCING SOURCES (USES)					
Operating Transfers:					
Transfers in	3,021	-	-	-	3,021
Transfers out	(115,000)	(3,021)	-	-	(118,021)
Total other financing sources and uses	(111,979)	(3,021)	-	-	(115,000)
Net change in fund balances	3,346,245	-	(187,157)	(1,873)	3,157,215
Fund balance—July 1	10,956,434	-	-	6,669	10,963,103
Fund balance—June 30	$14,302,679	$ -	$ (187,157)	$ 4,796	$14,120,318

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, 2014

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)		$ 3,157,215
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.		
Depreciation expense	$ (4,052,946)	
Capital outlays	2,365,460	
		(1,687,486)
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.		201,061
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.		3,105,668
Bond premiums are reported in the governmental funds as other financing sources in the year the bonds are issued. However, on the statement of activities, bond premiums are amortized over the life of the bonds.		185,126
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.		(203,797)
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.		55,851
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). 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 (+).		20,686
Change in net position of governmental activities		$ 4,834,324

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, 2014

	Business-type Activities - Non-Major Total Enterprise Funds
ASSETS	
Current assets:	
Cash and cash equivalents	$ 246,252
Intergovernmental accounts receivable	62,334
Other accounts receivable	502
Inventories	8,960
Total current assets	318,048
Noncurrent assets:	
Equipment	411,162
Less accumulated depreciation	376,899
Total noncurrent assets	34,263
Total assets	352,311
LIABILITIES	
Accounts payable	23,627
Unearned revenue	88,200
Interfund payable	83,688
Compensated absences payable	13,485
Total liabilities	209,000
NET POSITION	
Invested in capital assets, net of related debt	34,263
Unrestricted	109,048
Total net position	$ 143,311

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, 2014

	Business-type Activities - Non-Major Total Enterprise Funds
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	$ 716,874
Daily sales - non-reimbursable programs	7,433
Tuition	30,466
Total operating revenues	754,773
Operating expenses:	
Salaries	541,424
Employee benefits	234,221
Supplies and materials	19,426
Depreciation	6,560
Cost of sales	421,129
Other objects	10,308
Total operating expenses	1,233,068
Operating loss	(478,295)
Nonoperating revenues:	
State sources:	
State school lunch program	9,775
Federal sources:	
School breakfast program	7,597
National school lunch program	262,924
After school snack program	1,459
Special milk program	2,265
Food donation program	81,570
Interest and other income	164
Total nonoperating revenues	365,754
Net loss	(112,541)
Other financing sources:	
Transfer from General Fund	115,000
Change in net position	2,459
Total net position - beginning	140,852
Total net position - ending	$ 143,311

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, 2014

	Business-type Activities - Non-Major Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 823,015
Payments for employees and employee benefits	(702,260)
Payments to suppliers for goods and services	(364,525)
Net cash used in operating activities	(243,770)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	8,584
Federal Sources	235,855
Other income	164
Transfer from General Fund	115,000
Net cash provided by non-capital financing activities	359,603
Net increase in cash and cash equivalents	115,833
Cash and cash equivalents - beginning of year	130,419
Cash and cash equivalents - end of year	$ 246,252
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (478,295)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	6,560
Food donation program	81,570
Decrease in accounts receivable, net	1,068
Increase in inventories	2,028
Decrease in accounts payable	5,745
Increase in deferred revenue	67,174
Increase in compensated absences payable	(4,855)
Decrease in due to/from other funds	75,235
Total adjustments	234,525
Net cash used in operating activities	$ (243,770)

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, 2014

	Total Agency Funds	Total Trust Funds	Total Trust and Agency Funds
ASSETS			
Cash and cash equivalents	$ 517,058	$ 130,951	$ 648,009
Accounts receivable	15,673	29,452	45,125
Total assets	532,731	160,403	693,134
LIABILITIES			
Accounts payable	29,543	31,146	60,689
Payroll deductions and withholdings	77,027	-	77,027
Interfund payable	9,174	-	9,174
Due to student groups	416,987	-	416,987
Total liabilities	532,731	31,146	563,877
NET POSITION:			
Held in trust for unemployment claims	-	118,608	118,608
Held in trust for medical and dependent care claims	-	10,649	10,649
TOTAL NET POSITION	$ -	$ 129,257	$ 129,257

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, 2014

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust	Total Trust Funds
ADDITIONS:			
Contributions:			
Plan members	$ 133,270	$ 50,542	$ 183,812
Board contributions	55,000	-	55,000
Total contributions	188,270	50,542	238,812
Investment earnings:			
Interest	-	32	32
Total investment earnings	-	32	32
Total additions	188,270	50,574	238,844
DEDUCTIONS:			
Quarterly contribution reports	53,464	-	53,464
Unemployment claims	172,356	-	172,356
Qualified medical and dependent care claims	-	55,469	55,469
Total deductions	225,820	55,469	281,289
Change in net position	(37,550)	(4,895)	(42,445)
Net position-beginning of the year	156,158	15,544	171,702
Net position-end of the year	$ 118,608	$ 10,649	$ 129,257

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

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.

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.

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 and summer programs.

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.

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.

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.

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 District has established a formal system of accounting for its capital assets as of July 1, 2002. Capital assets acquired or constructed subsequent to July 1, 2002 are recorded at original cost. Capital assets acquired or constructed prior to July 1, 2002 are valued through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The capitalization threshold used by school districts in the State of New Jersey is $2,000. Capital assets are reflected as expenditures in the applicable governmental funds. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost.

All reported capital assets except for land and construction in progress are depreciated. 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 government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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 under 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 various employment contracts.

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, 2014 the District had restricted fund balances of $5,020,968 for capital reserve, $1,916,482 for excess surplus which will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016, and $1,113 for future debt service payments.

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. 2014 the District had committed resources for the following purposes:

Project	Amount
Bus Garage Parking Lot Renovations	$177,215
Mt. Olive High School Classroom Renovations	214,640
Paperless Board Meeting Solution	13,000
Mt. Olive Middle School Turf Field	872,000
	$1,276,855

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, 2014 the District had assigned resources for outstanding encumbrances totaling $894,078 and for amounts designated for subsequent year's expenditures totaling $3,290,526.

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, 2014 the District had unassigned resources totaling $1,720,296. 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, 2014 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 fund represents cash which has been received but not yet earned. Unearned revenue in the special revenue fund represents grants and entitlements 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, 2014 the District had fund balance restricted for excess surplus in the amount of $1,916,482. The excess surplus calculation is included in the Auditor's Management Report (AMR).

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

P. Net Position:

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the prior fiscal year. This statement 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.

The District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the current fiscal year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as 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. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. At June 30, 2014, the District had $1,835,699 in deferred outflows of resources and did not have any deferred inflows of resources.

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.

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

Q. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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.

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. Neither type of transaction occurred during the fiscal year.

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. 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.

W. 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. 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.

X. Recent Accounting Pronouncements:

In June 2012, 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, is not anticipated to have any impact on the District's financial reporting.

In January 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In November 2013, 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 No. 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

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%.

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

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

Permissible Investments:

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

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
(2) Government money market mutual funds;
(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
(4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
(5) Local government investment pools;
(6) Deposits with the State of New Jersey Cash Management Fund; or
(7) Certain agreements for the repurchase of fully collateralized securities, provided they meet specific criteria detailed in the statute.

As of June 30, 2014, 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	$7,327,461	$8,465,179
Governmental Funds - Restricted	5,036,848	5,036,848
Enterprise Funds	246,252	246,253
Agency Funds	517,058	1,091,284
Trust Funds	130,951	136,992
	$13,258,570	$14,976,556

4. INVENTORIES:

Inventory in the Food Service Fund at June 30, 2014 consisted of the following:

Food	$ 6,840
Non-Food Items	2,120
	$ 8,960

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.

5. 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.

5. CAPITAL RESERVE ACCOUNT: (Cont'd)

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 2013-14 fiscal year is as follows:

Beginning balance, July 1, 2013	$2,016,914
Increased by:	
Additional increase authorized by Board resolution	3,000,000
Interest earnings	4,054
Ending balance, June 30, 2014	$5,020,968

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2014 is $7,306,353. During the 2013-14 fiscal year, there were no withdrawals from the capital reserve.

6. RECEIVABLES:

Receivables at June 30, 2014 consisted of state and federal aid receivable, intergovernmental accounts receivable, interfund accounts receivable, and other accounts receivable. All receivables are considered collectible in full. The following is a summary of the principal receivable items:

State and federal aid receivable	$ 2,442,361
Intergovernmental accounts receivable	21,686
Interfund accounts receivable	9,174
Other accounts receivable	94,414
Total receivables	$ 2,567,635

7. 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, 2014:

$ 268,829	Due to the General Fund from the Special Revenue Fund
187,157	Due to the General Fund from the Capital Projects Fund
83,688	Due to the General Fund from the Enterprise Fund
9,174	Due to the General Fund from the Fiduciary Fund
548,848	Total Interfund Balance - Fund Financial Statements
(455,986)	Elimination of Governmental Interfund Activities
(83,688)	Elimination of Internal Balances
$ 9,174	

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

8. CAPITAL ASSETS:

Capital Asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 703,670	$ -	$ -	$ 703,670
Total capital assets not being depreciated	703,670	-	-	703,670
Capital assets being depreciated:				
Site and site improvements	4,686,795	95,855	-	4,782,650
Building and building improvements	97,545,030	1,258,200	-	98,803,230
Machinery and equipment	15,915,318	1,011,405	(443,921)	16,482,802
Total capital assets being depreciated	118,147,143	2,365,460	(443,921)	120,068,682
Governmental activities capital assets	118,850,813	2,365,460	(443,921)	120,772,352
Less accumulated depreciation for:				
Site and site improvements	(2,399,111)	(179,572)	-	(2,578,683)
Building and improvements	(36,329,574)	(3,114,920)	-	(39,444,494)
Machinery and equipment	(12,375,953)	(758,454)	443,921	(12,690,486)
Total accumulated depreciation	(51,104,638)	(4,052,946)	443,921	(54,713,663)
Government activities capital assets, net	$ 67,746,175	$ (1,687,486)	$ -	$ 66,058,689
Business-type activities:				
Machinery and equipment	$ 411,162	$ -	$ -	411,162
Less: accumulated depreciation	(370,339)	(6,560)	-	(376,899)
Business-type activities capital assets, net	$ 40,823	$ (6,560)	$ -	$ 34,263

Depreciation expense was charged to governmental functions as follows:

Regular programs instruction	$ 184,253
Special education programs	8,517
School sponsored programs	12,969
Student and instruction related services	8,946
School administrative services	915
Other administrative services	179,812
Plant operations and maintenance	3,407,597
Pupil transportation	199,369
Unallocated depreciation	50,568
Total depreciation expense	$ 4,052,946

Depreciation on buildings and site improvements is recorded under plant operations and maintenance. Depreciation on machinery and equipment purchased prior to July 1, 2002 is unallocated.

9. LONG-TERM LIABILITIES:

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 Board are general obligation bonds.

Long-term obligations activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Refunded	Ending Balance
Governmental activities:					
Bonds payable:					
High school addition/renovations	$ 26,440,000	$ -	$ 1,110,000	$ -	$ 25,330,000
Middle school/facilities expansion	21,825,000	-	1,750,000	-	20,075,000
Refunding bonds - E.R.I.P.	1,480,000	-	165,000	-	1,315,000
Total bonds payable	49,745,000	-	3,025,000	-	46,720,000
Loans payable:					
Sewer project loan #1	180,000	-	40,000	-	140,000
Sewer project loan #2	40,668	-	40,668	-	-
Total loans payable	220,668	-	80,668	-	140,000
Other Liabilities:					
Capital leases payable	410,489	-	201,061	-	209,428
Compensated absences payable	1,388,629	132,813	153,499	-	1,367,943
Total other liabilities	1,799,118	132,813	354,560	-	1,577,371
Total all governmental activities	$ 51,764,786	$ 132,813	$ 3,460,228	$ -	$ 48,437,371
Business-Type Activities:					
Compensated absences payable	$ 18,340	$ 3,225	$ 8,080	$ -	$ 13,485
Total all business-type activities	$ 18,340	$ 3,225	$ 8,080	$ -	$ 13,485

	Amounts Due Within One Year	Amounts Due Beyond One Year	Total
Governmental activities:			
Bonds payable:			
High school addition/renovations	$ 1,170,000	$ 24,160,000	$ 25,330,000
Middle school/facilities expansion	1,830,000	18,245,000	20,075,000
Refunding bonds - E.R.I.P.	170,000	1,145,000	1,315,000
Total bonds payable	3,170,000	43,550,000	46,720,000
Loans payable:			
Sewer project loan #1	45,000	95,000	140,000
Total loans payable	45,000	95,000	140,000
Other Liabilities:			
Capital leases payable	116,956	92,472	209,428
Compensated absences payable	129,202	1,238,741	1,367,943
Total other liabilities	246,158	1,331,213	1,577,371
Total all governmental activities	$ 3,461,158	$ 44,976,213	$ 48,437,371
Business-Type Activities:			
Compensated absences payable	$ 13,485	$ -	$ 13,485
Total all business-type activities	$ 13,485	$ -	$ 13,485

9. LONG-TERM LIABILITIES: (Continued)

Debt Obligations:

Debt service requirements on serial bonds payable at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	$ 3,170,000	$ 1,949,098	$ 5,119,098
2016	3,295,000	1,831,171	5,126,171
2017	3,440,000	1,694,213	5,134,213
2018	3,585,000	1,565,240	5,150,240
2019	3,750,000	1,418,189	5,168,189
2020-2024	18,075,000	4,461,278	22,536,278
2025-2029	9,315,000	1,458,138	10,773,138
2030	2,090,000	44,412	2,134,412
	$ 46,720,000	$ 14,421,739	$ 61,141,739

Loan Obligations:

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, consists of two loans from the State of New Jersey.

Principal and interest due on outstanding loans is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	$ 45,000	$ 6,169	$ 51,169
2016	45,000	3,806	48,806
2017	50,000	1,312	51,312
	$ 140,000	$ 11,287	$ 151,287

Lease Obligations:

The District has entered into various leases for buses, maintenance and technology department vehicles, computer equipment and peripherals, and network upgrades. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under capital leases:

Fiscal Year Ending June 30,	Future Minimum Lease Payments
2015	$ 116,956
2016	92,472
	$ 209,428

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, 2014. 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.

9. LONG-TERM LIABILITIES: (Continued)

Compensated Absences Payable: (Continued)

The total liability for compensated absences amounted to $1,381,428 at June 30, 2014. Of this amount, $142,687 is due within one year and $1,238,741 is due beyond one year.

10. PENSION PLANS:

Substantially all of the Board's employees participate in one of 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. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS are entitled to a retirement benefit based upon a formula which takes the number of creditable service years divided by 55 for Tier 1, Tier 2, or Tier 3 members and 60 for Tier 4 members multiplied by the average annual compensation of the highest three fiscal years for Tier 1, Tier 2, or Tier 3 members and the highest five fiscal years for Tier 4 members. Vesting occurs after 10 years of service.

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 each of the above systems. 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.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective July 1, 2012, the employee contributions for PERS and TPAF increased from 6.5% to 6.64% of employees' annual compensation, as defined by the plan. Subsequent increases are being phased in over a 7-year period, effective July 1 of each year, to bring the total pension contribution rate to 7.5% of base salary by July 1, 2018. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

A Deferred Compensation Retirement Plan (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. Employees enrolled in DCRP contribute 5.5% of their annual compensation, which is matched by a 3% employer contribution.

The following is a summary of State on-behalf TPAF pension payments and District contributions to PERS and DCRP for the current and previous two fiscal years:

Fiscal Year Ending June 30,	State On-Behalf Pension Payments (TPAF)	District Contributions (PERS)	District Contributions (DCRP)
2014	$ 1,290,204	$ 1,024,248	$ 41,153
2013	2,043,427	1,116,825	32,394
2012	954,561	1,156,605	31,327

On-behalf TPAF pension 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.

11. POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or qualify for a disability retirement. Chapter 103 of Public Laws 2007 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, 2013 there were 100,134 retirees receiving post-retirement medical benefits to which the State contributed $1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126 of Public Laws 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2013, the State paid $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members.

For the fiscal years ended June 30, 2014, 2013 and 2012 the State of New Jersey contributed $2,115,450, $2,310,600, and $1,918,915 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.

12. 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
2014	$ 2,281,017
2013	$ 2,336,206
2012	$ 2,222,539

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.

13. DEFERRED COMPENSATION:

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

Deferred compensation plans are available from the following providers:

Met Life Connecticut/Traveler's	Valic	AXA Equitable Financial
American Express	Lincoln Investment	

14. 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	Quarterly Billings	Reimbursed to State	Ending Balance
2013-2014	$133,270	$55,000	$53,464	$172,356	$118,608
2012-2013	$130,663	$187,900	$55,470	$78,344	$156,158
2011-2012	$119,488	$178,953	$48,019	$291,407	($28,591)

The 2014-2015 operating budget includes an appropriation in the amount of $80,000 for contributions to the Unemployment Insurance Trust Fund.

15. DEFICIT FUND BALANCE:

The Capital Projects Fund contains a deficit unassigned fund balance of $187,157 at June 30, 2014. 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.

16. 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.

17. 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.

Litigation:

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.

18. PRIOR PERIOD ADJUSTMENTS

The District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current fiscal year. This statement establishes standards of accounting and financial reporting for debt issuance costs and provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. In accordance with GASB Statement No. 65, debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. As a result, the District made a prior year adjustment in the district-wide financial statements to eliminate unamortized bond issuance costs reported in the governmental activities as of June 30, 2013. The District also made a prior year adjustment to reclassify the deferred amount on refunding of debt related to the District's 2004, 2006, 2007, 2011 and 2012 refunding bond issues as a deferred outflow of resources. This amount had previously been reported as a reduction to noncurrent liabilities. The following table illustrates the adjustments made to the governmental activities reported in the Statement of Net Position at June 30, 2013:

	Balance 6/30/13 as Previously Reported	Retroactive Adjustments	Balance 6/30/13 as Restated
ASSETS			
Unamortized bond issuance costs	$438,327	($438,327)	$0
Total Assets	$79,892,241	($438,327)	$79,453,914
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	$0	$2,039,496	$2,039,496
LIABILITIES			
Noncurrent liabilities:			
Due within one year	$3,263,183	$203,797	$3,466,980
Due beyond one year	$46,462,107	$1,835,699	$48,297,806
Total Liabilities	$52,907,652	$2,039,496	$54,947,185
NET POSITION			
Unrestricted	$2,853,262	($438,327)	$2,414,935
Total Net Position	$26,984,552	($438,327)	$26,546,225

19. SUBSEQUENT EVENT

In October, the District refunded the final eight payments of the 11/1/2004 middle school bond issue totaling $18,245,000, resulting in a net present value savings of $2,362,825. The following is a summary of the sources and uses of funds:

Sources:	
Bond Proceeds:	
Par amount	$16,740,000
Premium	2,097,739
Total Sources	$18,837,739
Uses:	
Refunding escrow deposits – principal redeemed	$18,245,000
Refunding escrow deposits – interest	431,850
Cost of issuance	85,000
Underwriter's discount	75,330
Additional proceeds	559
Total Uses	$18,837,739

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	$59,670,216	$ -	$59,670,216	$59,670,216	$ -
Tuition charges	35,000	-	35,000	170,986	135,986
Interest on investments	6,500	-	6,500	6,838	338
Interest earned on capital reserve funds	-	-	-	4,054	4,054
Transportation fees	34,000	-	34,000	5,597	(28,403)
Miscellaneous	1,649,911	-	1,649,911	814,614	(835,297)
Total - Local Sources	61,395,627	-	61,395,627	60,672,305	(723,322)
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	
Extraordinary aid	-	-	-	1,864,928	1,864,928
Nonpublic transportation aid	-	-	-	28,777	28,777
Other state aid	-	-	-	23,657	23,657
TPAF on-behalf pension contribution (Non-Budgeted)	-	-	-	1,290,204	1,290,204
TPAF on-behalf post-retirement medical contribution (Non-Budgeted)				2,115,450	2,115,450
TPAF social security contributions (Reimbursed - Non-Budgeted)	-	-	-	2,281,017	2,281,017
Total - State Sources	15,092,724	-	15,092,724	22,696,757	7,604,033
Federal sources:					
Medicaid Reimbursement	20,000	-	20,000	52,684	32,684
Total - Federal Sources	20,000	-	20,000	52,684	32,684
TOTAL REVENUES	76,508,351	-	76,508,351	83,421,746	6,913,395

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, 2014

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT:					
Regular programs - distributed instruction:					
Salaries of teachers:					
Kindergarten	$ 597,721	$ (145,000)	$ 452,721	$ 330,092	$ 122,629
Grades 1 - 5	7,344,684	149,300	7,493,984	7,480,642	13,342
Grades 6 - 8	4,934,556	(529,500)	4,405,056	4,319,978	85,078
Grades 9 - 12	7,212,803	(326,439)	6,886,364	6,857,096	29,268
Regular programs - home instruction:					
Salaries of teachers	9,400	22,415	31,815	31,815	-
Purchased professional - educational services	39,000	(22,415)	16,585	14,521	2,064
Regular programs - undistributed instruction:					
Other salaries for instruction	125,370	9,000	134,370	133,568	802
Purchased professional - educational services	21,400	3,375	24,775	24,763	12
Other purchased services	590,908	50,648	641,556	543,646	97,910
General supplies	1,156,655	597,213	1,753,868	1,261,924	491,944
Textbooks	157,533	423,903	581,436	581,355	81
Other objects	27,040	(9,336)	17,704	4,426	13,278
Total Regular Programs - Instruction	22,217,070	223,164	22,440,234	21,583,826	856,408
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	829,041	89,000	918,041	900,032	18,009
Other salaries for instruction	164,645	1,500	166,145	165,938	207
Total Learning and/or Language Disabilities	993,686	90,500	1,084,186	1,065,970	18,216
Behavioral disabilities:					
Salaries of teachers	166,717	(57,000)	109,717	109,681	36
Other salaries for instruction	73,537	25,500	99,037	98,991	46
Total Behavioral Disabilities	240,254	(31,500)	208,754	208,672	82

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple disabilities:					
Salaries of teachers	$ 304,879	$ (6,000)	$ 298,879	$ 295,579	$ 3,300
Other salaries for instruction	45,872	(1,000)	44,872	41,975	2,897
Other objects	200	-	200	-	200
Total Multiple Disabilities	350,951	(7,000)	343,951	337,554	6,397
Resource room/resource center:					
Salaries of teachers	3,104,529	93,600	3,198,129	3,198,121	8
Other salaries for instruction	489,214	(115,600)	373,614	372,913	701
Textbooks	-	104,000	104,000	103,834	166
Total Resource Room/Resource Center	3,593,743	82,000	3,675,743	3,674,868	875
Autism:					
Salaries of teachers	225,897	(33,000)	192,897	183,177	9,720
Other salaries for instruction	39,008	-	39,008	20,618	18,390
Other objects	-	3,000	3,000	3,000	-
Total Autism	264,905	(30,000)	234,905	206,795	28,110
Preschool disabilities - Part-Time:					
Salaries of teachers	239,180	5,000	244,180	244,016	164
Other salaries for instruction	55,816	(5,000)	50,816	42,361	8,455
Total Preschool Disabilities - Part-Time	294,996	-	294,996	286,377	8,619
Preschool disabilities - Full-Time:					
Salaries of teachers	57,229	-	57,229	55,083	2,146
Other salaries for instruction	32,211	-	32,211	31,314	897
Total Preschool Disabilities - Full-Time	89,440	-	89,440	86,397	3,043
Home instruction:					
Salaries of teachers	16,800	11,265	28,065	28,065	-
Purchased professional - educational services	18,000	(11,265)	6,735	3,797	2,938
Total Home Instruction	34,800	-	34,800	31,862	2,938
Total Special Education - Instruction	5,862,775	104,000	5,966,775	5,898,495	68,280

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs:					
Basic skills/remedial - instruction:					
Salaries of teachers	$ 786,258	$ 60,000	$ 846,258	$ 786,709	$ 59,549
General supplies	3,570	15,086	18,656	18,649	7
Total Basic Skills/Remedial - Instruction	789,828	75,086	864,914	805,358	59,556
Bilingual education - instruction:					
Salaries of teachers	326,689	-	326,689	326,689	-
Purchased services	-	500	500	155	345
General supplies	3,570	1,268	4,838	4,833	5
Total Bilingual Education - Instruction	330,259	1,768	332,027	331,677	350
Total Other Instructional Programs	1,120,087	76,854	1,196,941	1,137,035	59,906
School sponsored other instructional programs:					
School sponsored co-curricular activities - instruction:					
Salaries	167,036	19,700	186,736	186,730	6
Purchased services	27,000	16,275	43,275	43,233	42
Supplies and materials	5,000	2,000	7,000	4,190	2,810
Other objects	27,360	(10,000)	17,360	16,779	581
Transfers to cover deficit	-	825	825	816	9
Total School Sponsored Co-Curricular Activities	226,396	28,800	255,196	251,748	3,448
School sponsored athletics - instruction:					
Salaries	576,150	32,189	608,339	557,693	50,646
Purchased services	106,260	-	106,260	105,364	896
Supplies and materials	83,000	23,595	106,595	74,005	32,590
Other objects	51,000	(4,100)	46,900	21,003	25,897
Total School Sponsored Athletics - instruction	816,410	51,684	868,094	758,065	110,029
School sponsored before/after school program:					
Salaries	45,000	16,475	61,475	57,312	4,163
Supplies and materials	-	2,500	2,500	748	1,752
Other objects	5,000	-	5,000	1,597	3,403
Total School Sponsored Before/After School Program	50,000	18,975	68,975	59,657	9,318

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total School Sponsored Other Instructional Programs	$ 1,092,806	$ 99,459	$ 1,192,265	$ 1,069,470	$ 122,795
Community services programs:					
Purchased services	38,000	2,785	40,785	40,784	1
Total Community Services Programs	38,000	2,785	40,785	40,784	1
TOTAL DISTRIBUTED EXPENDITURES	30,330,738	506,262	30,837,000	29,729,610	1,107,390
UNDISTRIBUTED EXPENDITURES:					
Instruction:					
Tuition to other LEAs within the state - regular	-	51,000	51,000	46,342	4,658
Tuition to other LEAs within the state - special	255,786	-	255,786	199,833	55,953
Tuition to county vocational school districts - regular	579,446	-	579,446	526,585	52,861
Tuition to county vocational school districts - special	72,304	-	72,304	35,798	36,506
Tuition to CSSSD and regional day schools	325,354	61,356	386,710	367,994	18,716
Tuition to private schools for the handicapped - within state	1,641,148	(177,356)	1,463,792	1,430,967	32,825
Tuition - state facilities	49,064	-	49,064	49,064	-
Tuition - other	-	65,000	65,000	65,000	-
Total Undistributed Expenditures - Instruction	2,923,102	-	2,923,102	2,721,583	201,519
Health services:					
Salaries	613,047	(3,825)	609,222	609,206	16
Purchased professional and technical services	65,700	1,025	66,725	56,217	10,508
Other purchased services	3,603	300	3,903	3,667	236
Supplies and materials	29,504	3,525	33,029	32,201	828
Total Health Services	711,854	1,025	712,879	701,291	11,588
Other support services - students - related services:					
Salaries	1,176,959	-	1,176,959	1,111,195	65,764
Purchased professional - educational services	216,813	14,000	230,813	229,024	1,789
Other objects	330	-	330	225	105
Total Other Support Services - Students - Related Services	1,394,102	14,000	1,408,102	1,340,444	67,658

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - students - extraordinary services:					
Salaries	$ 1,522,570	$ (12,000)	$ 1,510,570	$ 1,235,628	$ 274,942
Purchased professional - educational services	499,917	(139,000)	360,917	183,837	177,080
Total Other Support Services - Students - Extra. Serv.	2,022,487	(151,000)	1,871,487	1,419,465	452,022
Other support services - students - regular:					
Salaries of other professional staff	1,208,375	(1,125)	1,207,250	1,152,655	54,595
Salaries of secretarial and clerical assistants	102,246	-	102,246	101,524	722
Other purchased professional and technical services	40,866	(15,575)	25,291	13,500	11,791
Other purchased services	34,671	16,945	51,616	51,497	119
Supplies and materials	14,341	-	14,341	11,445	2,896
Other objects	2,200	-	2,200	841	1,359
Total Other Support Services - Students - Regular	1,402,699	245	1,402,944	1,331,462	71,482
Other support services - students - special:					
Salaries of other professional staff	1,598,293	-	1,598,293	1,543,153	55,140
Salaries of secretarial and clerical assistants	226,601	-	226,601	226,342	259
Purchased professional - educational services	72,000	(3,500)	68,500	52,909	15,591
Other purchased professional and technical services	6,995	-	6,995	5,995	1,000
Miscellaneous purchased services	9,000	-	9,000	8,275	725
Supplies and materials	9,000	3,973	12,973	10,571	2,402
Total Other Support Services - Students - Special	1,921,889	473	1,922,362	1,847,245	75,117
Improvement of instructional services:					
Salaries of supervisors of instruction	536,321	55,678	591,999	591,999	-
Salaries of other professional staff	60,000	-	60,000	25,944	34,056
Salaries of secretarial and clerical assistants	181,374	3,000	184,374	183,565	809
Other purchased services	44,948	9,600	54,548	38,942	15,606
Supplies and materials	48,005	(7,200)	40,805	16,881	23,924
Other objects	12,240	-	12,240	4,300	7,940
Total Improvement of Instruction Services	882,888	61,078	943,966	861,631	82,335

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational media services/school library:					
Salaries	$ 430,540	$ 6,000	$ 436,540	$ 436,355	$ 185
Other purchased services	53,967	-	53,967	44,303	9,664
Supplies and materials	103,334	7,171	110,505	103,479	7,026
Total Educational Media Services/School Library	587,841	13,171	601,012	584,137	16,875
Instructional staff training services:					
Salaries of other professional staff	8,000	15,000	23,000	21,017	1,983
Purchased professional - educational services	109,073	(15,860)	93,213	8,900	84,313
Other purchased services	28,116	(4,600)	23,516	18,665	4,851
Supplies and materials	10,200	14,365	24,565	18,147	6,418
Other objects	1,530	-	1,530	187	1,343
Total Instructional Staff Training Services	156,919	8,905	165,824	66,916	98,908
Support services - general administration:					
Salaries	460,851	-	460,851	455,864	4,987
Legal services	190,000	(8,700)	181,300	180,927	373
Audit fees	33,500	(4,000)	29,500	29,500	-
Architectural/Engineering services	1,500	-	1,500	-	1,500
Other purchased professional services	23,750	23,500	47,250	40,866	6,384
Communications/telephone	171,424	18,715	190,139	190,131	8
BOE other purchased services	4,500	-	4,500	3,497	1,003
Other purchased services	311,783	56,922	368,705	353,528	15,177
General supplies	10,000	28,485	38,485	35,784	2,701
Miscellaneous expenditures	15,475	-	15,475	11,042	4,433
BOE membership dues and fees	27,700	-	27,700	26,752	948
Total Support Services - General Administration	1,250,483	114,922	1,365,405	1,327,891	37,514

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - school administration:					
Salaries of principals/assistant principals	$ 1,513,545	$ 10,640	$ 1,524,185	$ 1,524,180	$ 5
Salaries of other professional staff	799,628	(10,640)	788,988	784,124	4,864
Salaries of secretarial and clerical assistants	740,593	(10,450)	730,143	690,058	40,085
Other purchased services	52,626	7,450	60,076	59,501	575
Supplies and materials	79,021	2,220	81,241	77,418	3,823
Other objects	30,916	1,000	31,916	31,616	300
Total Support Services - School Administration	3,216,329	220	3,216,549	3,166,897	49,652
Central services:					
Salaries	518,910	(13,750)	505,160	500,142	5,018
Miscellaneous purchased services	51,725	17,750	69,475	69,403	72
Supplies and materials	13,250	-	13,250	11,668	1,582
Miscellaneous expenditures	1,550	-	1,550	1,526	24
Total Central Services	585,435	4,000	589,435	582,739	6,696
Administrative information technology:					
Salaries	496,689	(9,000)	487,689	473,283	14,406
Other purchased services	283,413	137,463	420,876	310,979	109,897
Supplies and materials	9,690	51,745	61,435	48,596	12,839
Other objects	1,450	875	2,325	2,325	-
Total Administrative Information Technology	791,242	181,083	972,325	835,183	137,142
Required maintenance for school facilities:					
Salaries	187,187	(1,700)	185,487	183,829	1,658
Cleaning, repair and maintenance services	514,296	(11,047)	503,249	444,743	58,506
General supplies	194,700	38,675	233,375	233,265	110
Other objects	5,700	200	5,900	5,888	12
Total Required Maintenance for School Facilities	901,883	26,128	928,011	867,725	60,286

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial services:					
Salaries	$ 2,853,332	$ (10,000)	$ 2,843,332	$ 2,822,251	$ 21,081
Salaries of non-instructional aides	311,849	17,600	329,449	327,450	1,999
Purchased professional and technical services	78,480	(3,975)	74,505	36,213	38,292
Cleaning, repair and maintenance services	100,446	145,790	246,236	244,550	1,686
Other purchased property services	194,946	(95,000)	99,946	96,362	3,584
Insurance	139,000	-	139,000	139,000	-
Miscellaneous purchased services	6,400	-	6,400	5,814	586
General supplies	361,950	32,120	394,070	393,949	121
Energy (natural gas)	587,900	(2,000)	585,900	481,607	104,293
Energy (electricity)	1,370,613	(73,150)	1,297,463	981,082	316,381
Energy (oil)	8,500	2,000	10,500	8,877	1,623
Energy (gasoline)	64,575	-	64,575	37,888	26,687
Other objects	5,450	-	5,450	4,453	997
Total Custodial Services	6,083,441	13,385	6,096,826	5,579,496	517,330
Care and upkeep of grounds:					
Salaries	240,850	17,700	258,550	258,490	60
Purchased professional and technical services	6,000	(3,000)	3,000	-	3,000
Cleaning, repair and maintenance services	145,500	-	145,500	142,435	3,065
General supplies	132,700	(13,400)	119,300	107,534	11,766
Total Care and Upkeep of Grounds	525,050	1,300	526,350	508,459	17,891
Security:					
Salaries	101,384	2,000	103,384	103,056	328
Purchased professional and technical services	22,000	(1,150)	20,850	11,653	9,197
General supplies	10,000	27,653	37,653	25,591	12,062
Total Security	133,384	28,503	161,887	140,300	21,587
Total Operation and Maintenance of Plant Services	7,643,758	69,316	7,713,074	7,095,980	617,094

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services:					
Salaries for pupil trans. (between home & school) - regular	$ 1,438,825	$ 207,275	$ 1,646,100	$ 1,645,917	$ 183
Salaries for pupil trans. (between home & school) - special ed.	200,445	60,400	260,845	260,784	61
Salaries for pupil trans. (other than between home & school)	161,300	-	161,300	160,112	1,188
Salaries for pupil trans. (between home & school) - nonpublic	63,292	10,000	73,292	72,737	555
Salaries of non-instructional aides	135,582	5,525	141,107	141,086	21
Management fees - ESC & CTSA transportation programs	31,712	-	31,712	23,317	8,395
Cleaning, repair and maintenance services	74,460	-	74,460	40,011	34,449
Lease purchase payments - school buses	127,688	-	127,688	29,630	98,058
Contracted services - aid in lieu payments - nonpublic schools	91,070	(230)	90,840	71,948	18,892
Contracted services - aid in lieu payments - charter schools	10,820	230	11,050	11,050	-
Contracted services - aid in lieu payments - choice schools	4,508	-	4,508	2,210	2,298
Contracted services (other than bet. home & school) - vendors	12,000	(650)	11,350	3,760	7,590
Contracted services (between home & school) - joint agreements	5,960	650	6,610	6,601	9
Contracted services (special ed. students) - vendors	25,080	-	25,080	22,500	2,580
Contracted services (regular students) - ESCs & CTSAs	122,692	(7,275)	115,417	91,619	23,798
Contracted services (special ed. students) - ESCs & CTSAs	702,101	(11,925)	690,176	543,881	146,295
Miscellaneous purchased services	108,286	4,900	113,186	112,618	568
Fuel and general supplies	457,095	(959)	456,136	347,380	108,756
Transportation supplies	365,779	-	365,779	362,421	3,358
Miscellaneous expenditures	1,530	-	1,530	1,036	494
Total Student Transportation Services	4,140,225	267,941	4,408,166	3,950,618	457,548
Unallocated employee benefits:					
Social security contributions	1,210,000	-	1,210,000	1,053,475	156,525
Other retirement contributions - PERS	1,280,627	-	1,280,627	1,022,310	258,317
Other retirement contributions - regular	70,000	-	70,000	41,153	28,847
Unemployment compensation	191,658	(132,678)	58,980	58,577	403
Workers compensation	672,702	-	672,702	660,087	12,615
Health benefits	12,623,168	(319,847)	12,303,321	10,708,045	1,595,276
Tuition reimbursement	275,000	(51,495)	223,505	160,912	62,593
Other employee benefits	336,259	162,925	499,184	499,179	5
Total Unallocated Benefits - Employee Benefits	16,659,414	(341,095)	16,318,319	14,203,738	2,114,581

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf payments:					
TPAF on-behalf pension contribution (Non-Budgeted)	$ -	$ -	$ -	$ 1,290,204	$ (1,290,204)
TPAF on-behalf post-retirement medical contribution (Non-Budgeted)	-	-	-	2,115,450	(2,115,450)
TPAF social security contributions (Reimbursed - Non-Budgeted)	-	-	-	2,281,017	(2,281,017)
Total On-behalf Payments	-	-	-	5,686,671	(5,686,671)
TOTAL UNDISTRIBUTED EXPENDITURES	46,290,667	244,284	46,534,951	47,723,891	(1,188,940)
TOTAL EXPENDITURES - CURRENT	76,621,405	750,546	77,371,951	77,453,501	(81,550)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction::					
Grades 1 - 5	-	139,847	139,847	118,450	21,397
Grades 6 - 8	-	67,338	67,338	66,996	342
Grades 9 - 12	128,484	251,295	379,779	334,472	45,307
School sponsored athletics	30,000	(21,991)	8,009	8,009	-
Undistributed expenditures:					
Support services - instructional staff	13,000	(10,400)	2,600	2,579	21
General administration		5,625	5,625	-	5,625
School administration	-	9,315	9,315	9,315	-
Information technology services	163,000	(136,981)	26,019	26,017	2
Required maintenance for school facilities	20,000	37,150	57,150	54,288	2,862
Custodial services	37,500	170,671	208,171	204,133	4,038
Security services	-	52,230	52,230	49,797	2,433
Student transportation services - non-instructional equipment	60,600	(39,020)	21,580	19,784	1,796
Total Equipment	452,584	525,079	977,663	893,840	83,823

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities acquisition and construction services:					
Architectural and engineering services	$ 173,040	$ 74,058	$ 247,098	$ 191,693	$ 55,405
Construction services	2,170,878	1,153,050	3,323,928	1,139,868	2,184,060
Assessment for debt service on SDA funding	200,787	(72,500)	128,287	128,241	46
Total Facilities Acquisition and Construction Services:	2,544,705	1,154,608	3,699,313	1,459,802	2,239,511
TOTAL CAPITAL OUTLAY	2,997,289	1,679,687	4,676,976	2,353,642	2,323,334
CHARTER SCHOOL:					
Allocation of funds to charter school	176,500	-	176,500	155,488	21,012
Total Charter School	176,500	-	176,500	155,488	21,012
TOTAL EXPENDITURES	79,795,194	2,430,233	82,225,427	79,962,631	2,262,796
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,286,843)	(2,430,233)	(5,717,076)	3,459,115	(9,176,191)
OTHER FINANCING SOURCES (USES):					
Transfers In:					
Transfer from Special Revenue Fund	-	-	-	3,021	(3,021)
Transfers Out:					
Transfer to Food Service Fund	-	(115,000)	(115,000)	(115,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(115,000)	(115,000)	(111,979)	(3,021)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(3,286,843)	(2,545,233)	(5,832,076)	3,347,136	(9,179,212)
FUND BALANCE, July 1	12,429,614	-	12,429,614	12,429,614	-
FUND BALANCE, June 30	$ 9,142,771	$ (2,545,233)	$ 6,597,538	$15,776,750	$ (9,179,212)

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures:					
Adjustment for prior year encumbrances	$ -	$ (2,545,233)	$ (2,545,233)	$ -	$ (2,545,233)
Budgeted fund balance	(3,286,843)	-	(3,286,843)	343,082	(3,629,925)
Budgeted increase in capital reserve:					
Principal	-	-	-	3,000,000	(3,000,000)
Interest	-	-	-	4,054	(4,054)
	$ (3,286,843)	$ (2,545,233)	$ (5,832,076)	$ 3,347,136	$ (9,179,212)

Recapitulation of Balances:	
Restricted Fund Balance:	
Capital reserve	$ 5,020,968
Excess surplus - current year	1,916,482
Committed Fund Balance:	
Year-end encumbrances	1,276,855
Assigned Fund Balance:	
Year-end encumbrances	894,078
Designated for subsequent year's expenditures	3,286,843
Unassigned Fund Balance	3,381,524
	15,776,750
Reconciliation to Governmental Funds Statements (GAAP):	
Last state aid payment not recognized on GAAP basis	(1,474,071)
Fund Balance per Governmental Funds (GAAP)	$14,302,679

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	$ 1,142,700	$ 276,608	$ 1,419,308	$ 1,323,914	$ 95,394
State sources	-	7,407	7,407	6,795	612
TOTAL REVENUES	$ 1,142,700	$ 284,015	$ 1,426,715	$ 1,330,709	$ 96,006
EXPENDITURES:					
Instruction:					
Personal services - salaries	$ 496,217	$ 99,155	$ 595,372	$ 595,372	$ -
Other purchased services	65,000	(54,453)	10,547	10,547	-
General supplies	152,000	68,273	220,273	191,726	28,547
Other objects	100	(100)	-	-	-
Total Instruction	713,317	112,875	826,192	797,645	28,547
Support Services:					
Personal services - salaries	79,500	65,445	144,945	144,712	233
Personal services - employee benefits	21,783	138,086	159,869	140,901	18,968
Purchased professional educational and technical services	259,100	(49,950)	209,150	173,395	35,755
Other purchased services	9,000	13,406	22,406	13,713	8,693
Supplies and materials	42,000	9,285	51,285	44,454	6,831
Total Support Services	411,383	176,272	587,655	517,175	70,480
Facilities Acquisition and Construction Services:					
Instructional equipment	15,000	(2,132)	12,868	12,868	-
Non-instructional equipment	3,000	(3,000)	-	-	-
Total Facilities Acquisition and Construction Services	18,000	(5,132)	12,868	12,868	-
TOTAL EXPENDITURES	1,142,700	284,015	1,426,715	1,327,688	99,027
OTHER FINANCING USES:					
Transfer to General Fund *	-	-	-	3,021	(3,021)
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 1,142,700	$ 284,015	$ 1,426,715	$ 1,330,709	$ 96,006

* Transfer to cover prior year Hurricane Sandy expenditures paid from the General Fund.

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

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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	$83,421,746	$ 1,330,709
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, 2013	-	180,215
Outstanding encumbrances at June 30, 2014	-	(56,900)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
State aid receivable at June 30, 2013	1,473,180	-
State aid receivable at June 30, 2014	(1,474,071)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$83,420,855	$ 1,454,024
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$79,962,631	$ 1,327,688
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, 2013	-	180,215
Outstanding encumbrances at June 30, 2014	-	(56,900)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$79,962,631	$ 1,451,003

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, 2014

	Title I Part A	Title II Part A	Title III	IDEA Part B Basic	IDEA Part B Preschool	Carl D. Perkins Career & Technical Education Grant	Race to the Top
REVENUES:							
Federal sources	$ 307,394	$ 74,209	$ 15,639	$ 854,226	$ 41,224	$ 21,813	$ 6,388
State sources	-		-	-	-	-	
TOTAL REVENUES	$ 307,394	$ 74,209	$ 15,639	$ 854,226	$ 41,224	$ 21,813	$ 6,388
EXPENDITURES:							
Instruction:							
Personal services - salaries	$ 155,142	$ -	$ -	$ 417,930	$ 22,300	$ -	$ -
Other purchased services	-	-	-	9,357	-	-	-
General supplies	25,976	-	15,639	115,036	11,493	18,953	-
Total Instruction	181,118	-	15,639	542,323	33,793	18,953	-
Support Services:							
Personal services - salaries	44,657	62,329	-	36,383	-	957	-
Personal services - employee benefits	81,619	11,880	-	45,623	1,706	73	-
Purchased prof. educational and technical services	-	-	-	164,670	5,725	-	3,000
Other purchased services	-	-	-	9,668	-	1,830	2,215
Supplies and materials	-	-	-	42,691	-	-	1,173
Total Support Services	126,276	74,209	-	299,035	7,431	2,860	6,388
Facilities Acquisition and Construction Services:							
Instructional equipment	-	-	-	12,868	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	12,868	-	-	-
TOTAL EXPENDITURES	307,394	74,209	15,639	854,226	41,224	21,813	6,388
OTHER FINANCING USES:							
Transfer to General Fund *	-	-	-	-	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 307,394	$ 74,209	$ 15,639	$ 854,226	$ 41,224	$ 21,813	$ 6,388

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Federal Emergency Management Grant	Nonpublic Textbook Aid	Nonpublic Nursing Aid	Nonpublic Technology Aid	CTEP Marketing Model Pilot Program	Total
REVENUES:						
Federal sources	$ 3,021	$ -	$ -	$ -	$ -	$ 1,323,914
State sources	-	274	386	100	6,035	6,795
TOTAL REVENUES	$ 3,021	$ 274	$ 386	$ 100	$ 6,035	$ 1,330,709
EXPENDITURES:						
Instruction:						
Personal services - salaries	$ -	$ -	$ -	$ -	$ -	$ 595,372
Other purchased services	-	-	-	-	1,190	10,547
General supplies	-	274	-	100	4,255	191,726
Total Instruction	-	274	-	100	5,445	797,645
Support Services:						
Personal services - salaries	-	-	386	-	-	144,712
Personal services - employee benefits	-	-	-	-	-	140,901
Purchased professional educational and technical services	-	-	-	-	-	173,395
Other purchased services	-	-	-	-	-	13,713
Supplies and materials	-	-	-	-	590	44,454
Total Support Services	-	-	386	-	590	517,175
Facilities Acquisition and Construction Services:						
Instructional equipment	-	-	-	-	-	12,868
Total Facilities Acquisition and Construction Services	-	-	-	-	-	12,868
TOTAL EXPENDITURES	-	274	386	100	6,035	1,327,688
OTHER FINANCING USES:						
Transfer to General Fund *	3,021	-	-	-	-	3,021
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 3,021	$ 274	$ 386	$ 100	$ 6,035	$ 1,330,709

* Transfer to cover prior year Hurricane Sandy expenditures paid from the General Fund.

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, 2014

			GAAP Expenditures to Date		
Year	Project Title	Appropriation	Prior Years	Current Year	Unexpended Balance *
2014	Chester M. Stephens Elementary School Window Replacement Project	$ -	$ -	$ 32,011	$ (32,011)
2014	Tinc Road Elementary School Roof Replacement Project	-	-	62,899	(62,899)
2014	Sandshore Road Elementary School Boiler Replacement Project	-	-	17,520	(17,520)
2014	Mt. Olive High School Roof Replacement Project	-	-	41,815	(41,815)
2014	Mt. Olive High School Window Replacement Project	-	-	32,912	(32,912)
		$ -	$ -	$ 187,157	$ (187,157)

* Local share of funding is included in the 2014-15 budget.

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, 2014

REVENUES:	
State Sources - SDA Grant	$ 1,560,501
TOTAL REVENUES	1,560,501
EXPENDITURES:	
Purchased professional and technical services	173,650
Construction services	13,507
TOTAL EXPENDITURES	187,157
EXCESS OF REVENUES OVER EXPENDITURES	1,373,344
FUND BALANCE, July 1	-
FUND BALANCE, June 30	$ 1,373,344

Reconciliation to Governmental Funds Statements (GAAP):	
Restricted fund balance - budgetary basis	$ 1,373,344
Less: SDA grant receivable not recognized on GAAP basis	(1,560,501)
Fund Balance per Governmental Funds (GAAP)	$ (187,157)

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, 2014

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
State Sources - SDA Grant	$ -	$ 199,580	$ 199,580	$ 199,580
Transfer from capital reserve	-	-	-	192,707
Transfer from capital outlay	-	-	-	89,213
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	199,580	199,580	481,500
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	-	18,504	18,504	56,500
Construction services	-	13,507	13,507	425,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	32,011	32,011	481,500
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	$ 167,569	$ 167,569	$ -

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	-
Revised authorized cost	$ 481,500
Percentage increase over original authorized cost	0.00%
Percentage completion	6.65%
Original target completion date	Aug-14
Revised target completion date	Sep-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, 2014

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
State Sources - SDA Grant	$ -	$ 589,470	$ 589,470	$ 589,470
Transfer from capital reserve	-	-	-	222,648
Transfer from capital outlay	-	-	-	610,018
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	589,470	589,470	1,422,136
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	-	62,899	62,899	117,250
Construction services	-	-	-	1,304,886
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	62,899	62,899	1,422,136
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	$ 526,571	$ 526,571	$ -

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	-
Revised authorized cost	$ 1,422,136
Percentage increase over original authorized cost	0.00%
Percentage completion	4.42%
Original target completion date	Aug-14
Revised target completion date	Sep-14

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, 2014

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
State Sources - SDA Grant	$ -	$ 140,887	$ 140,887	$ 140,887
Transfer from capital reserve	-	-	-	184,645
Transfer from capital outlay	-	-	-	14,368
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	140,887	140,887	339,900
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	-	17,520	17,520	39,900
Construction services	-	-	-	300,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	17,520	17,520	339,900
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	$ 123,367	$ 123,367	$ -

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	-
Revised authorized cost	$ 339,900
Percentage increase over original authorized cost	0.00%
Percentage completion	5.15%
Original target completion date	Aug-14
Revised target completion date	Sep-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, 2014

	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
Transfer from capital outlay	-	-	-	304,309
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	347,936	347,936	852,245
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	-	41,815	41,815	55,754
Construction services	-	-	-	796,491
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	41,815	41,815	852,245
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	$ 306,121	$ 306,121	$ -

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	4.91%
Original target completion date	Aug-14
Revised target completion date	Sep-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 - WINDOW REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	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
Transfer from capital outlay	-	-	-	358,222
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	282,628	282,628	840,850
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	-	32,912	32,912	43,850
Construction services	-	-	-	797,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	-	32,912	32,912	840,850
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	$ 249,716	$ 249,716	$ -

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	3.91%
Original target completion date	Aug-14
Revised target completion date	Nov-14

ENTERPRISE FUNDS
DETAIL STATEMENTS

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

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

Summer Programs Fund – This fund provides for the operation of the District's credit recovery summer school and summer camp enhancement programs.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	Food Services	Summer Programs	Totals
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	$ 129,703	$ 116,549	$ 246,252
Accounts receivable:			
State	2,531	-	2,531
Federal	59,803	-	59,803
Other	502	-	502
Inventories	8,960	-	8,960
Total Current Assets	201,499	116,549	318,048
NONCURRENT ASSETS:			
Equipment	411,162	-	411,162
Less: accumulated depreciation	376,899	-	376,899
Total Noncurrent Assets	34,263	-	34,263
TOTAL ASSETS	235,762	116,549	352,311
LIABILITIES:			
Accounts payable	23,627	-	23,627
Deferred revenue	-	88,200	88,200
Interfund payable	83,688	-	83,688
Compensated absences payable	13,485	-	13,485
TOTAL LIABILITIES	120,800	88,200	209,000
NET POSITION:			
Invested in capital assets, net of related debt	34,263	-	34,263
Unrestricted	80,699	28,349	109,048
TOTAL NET POSITION	$ 114,962	$ 28,349	$ 143,311

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Services	Summer Programs	Totals
OPERATING REVENUES:			
Charges for services:			
Daily sales - reimbursable programs	$ 716,874	$ -	$ 716,874
Daily sales - non-reimbursable programs	7,433	-	7,433
Tuition	-	30,466	30,466
Total Operating Revenues	724,307	30,466	754,773
OPERATING EXPENSES:			
Salaries	512,539	28,885	541,424
Employee benefits	232,011	2,210	234,221
Supplies and materials	17,316	2,110	19,426
Depreciation	6,560	-	6,560
Cost of sales	421,129	-	421,129
Other objects	8,548	1,760	10,308
Total Operating Expenses	1,198,103	34,965	1,233,068
OPERATING LOSS	(473,796)	(4,499)	(478,295)
NON-OPERATING REVENUES:			
State sources:			
State school lunch program	9,775	-	9,775
Federal sources:			
School breakfast program	7,597	-	7,597
National school lunch program	262,924	-	262,924
After school snack program	1,459	-	1,459
Special milk program	2,265	-	2,265
Food donation program	81,570	-	81,570
Interest and other income	164	-	164
Total Non-Operating Revenues	365,754	-	365,754
NET LOSS	(108,042)	(4,499)	(112,541)
OTHER FINANCING SOURCES:			
Transfer from General Fund	115,000	-	115,000
Change in net position	6,958	(4,499)	2,459
Total net position - beginning	108,004	32,848	140,852
Total net position - ending	$ 114,962	$ 28,349	$ 143,311

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Services	Summer Programs	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 725,375	$ 97,640	$ 823,015
Payments for employees and employee benefits	(671,165)	(31,095)	(702,260)
Payments to suppliers for goods and services	(360,655)	(3,870)	(364,525)
Net cash used in operating activities	(306,445)	62,675	(243,770)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State school lunch program	8,584	-	8,584
National school lunch program	235,855	-	235,855
Other income	164	-	164
Transfer from General Fund	115,000	-	115,000
Net cash provided by (used in) non-capital financing activities	359,603	-	359,603
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	-	-	-
Net increase (decrease) in cash and cash equivalents	53,158	62,675	115,833
Cash and cash equivalents - beginning of year	76,545	53,874	130,419
Cash and cash equivalents - end of year	$ 129,703	$ 116,549	$ 246,252
Reconciliation of operating loss to net cash used in operating activities:			
Operating income (loss)	$ (473,796)	$ (4,499)	$ (478,295)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	6,560	-	6,560
Food donation program	81,570	-	81,570
Decrease in accounts receivable, net	1,068	-	1,068
Decrease in inventories	2,028	-	2,028
Increase in accounts payable	5,745	-	5,745
Increase in deferred revenue	-	67,174	67,174
Decrease in compensated absences payable	(4,855)	-	(4,855)
Increase in due to/from other funds	75,235	-	75,235
Total adjustments	167,351	67,174	234,525
Net cash used in operating activities	$ (306,445)	$ 62,675	$ (243,770)

FIDUCIARY FUNDS
DETAIL STATEMENTS

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, 2014

	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	$ 440,031	$ 77,027	$ 517,058	$ 120,302	$ 10,649	$ 130,951
Accounts receivable	15,673	-	15,673	29,452	-	29,452
TOTAL ASSETS	455,704	77,027	532,731	149,754	10,649	160,403
LIABILITIES:						
Accounts payable	29,543	-	29,543	31,146	-	31,146
Payroll deductions and withholdings	-	77,027	77,027	-	-	-
Interfund payable	9,174	-	9,174	-	-	-
Due to student groups	416,987	-	416,987	-	-	-
TOTAL LIABILITIES	455,704	77,027	532,731	31,146	-	31,146
NET POSITION:						
Held in trust for unemployment claims				118,608	-	118,608
Held in trust for medical and dependent care claims	-	-	-	-	10,649	10,649
TOTAL NET POSITION	$ -	$ -	$ -	$ 118,608	$ 10,649	$ 129,257

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MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust	Total Trust Funds
ADDITIONS:			
Contributions:			
Plan members	$ 133,270	$ 50,542	$ 183,812
Board contributions	55,000	-	55,000
Total contributions	188,270	50,542	238,812
Investment earnings:			
Interest	-	32	32
Total investment earnings	-	32	32
Total additions	188,270	50,574	238,844
DEDUCTIONS:			
Quarterly contribution reports	53,464	-	53,464
Unemployment claims	172,356	-	172,356
Qualified medical and dependent care claims	-	55,469	55,469
Total deductions	225,820	55,469	281,289
Change in net position	(37,550)	(4,895)	(42,445)
Net position-beginning of the year	156,158	15,544	171,702
Net position-end of the year	$ 118,608	$ 10,649	$ 129,257

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Accounts Payable/ (Receivable)	Balance June 30, 2014
ELEMENTARY SCHOOLS:					
Sandshore School	$ 6,704	$ 24,482	$ 17,369	$ (527)	$ 14,344
Mountain View School	10,801	14,499	17,001	(1,274)	9,573
Tinc Road School	5,361	11,101	8,101	354	8,007
CMS Elementary School	17,166	31,562	32,659	1,238	14,831
TOTAL ELEMENTARY SCHOOLS	40,032	81,644	75,130	(209)	46,755
MIDDLE SCHOOL:					
Mount Olive Middle School	108,785	246,003	217,560	(4,460)	141,688
TOTAL MIDDLE SCHOOL	108,785	246,003	217,560	(4,460)	141,688
HIGH SCHOOL:					
Mount Olive High School	159,466	300,400	286,075	2,739	171,052
Athletic Account	64,456	117,553	124,517	-	57,492
TOTAL HIGH SCHOOL	223,922	417,953	410,592	2,739	228,544
TOTAL ALL SCHOOLS	$ 372,739	$ 745,600	$ 703,282	$ (1,930)	$ 416,987

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Payroll deductions and withholdings	$ 129,439	$ 62,161,158	$ 62,213,570	$ 77,027
Total	$ 129,439	$ 62,161,158	$ 62,213,570	$ 77,027

LONG-TERM DEBT SCHEDULES

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JULY 1, 2013	RETIRED	BALANCE JUNE 30, 2014
Construction of Mt. Olive Middle School / Facilities Expansion Project - Refunding Bonds	11/01/04	$ 30,500,000	1/15/2015	$ 1,830,000	4.00%	$ 21,825,000	$ 1,750,000	$ 20,075,000
			1/15/2016	1,910,000	5.00%			
			1/15/2017	2,010,000	4.25%			
			1/15/2018	2,110,000	4.50%			
			1/15/2019	2,210,000	4.50%			
			1/15/2020	2,315,000	4.75%			
			1/15/2021	2,435,000	4.75%			
			1/15/2022	2,560,000	5.00%			
			1/15/2023	2,695,000	5.00%			
Early Retirement Incentive Program - Refunding Bonds	12/20/11	1,535,000	2/1/2015	170,000	1.84%	1,480,000	165,000	1,315,000
			2/1/2016	175,000	2.19%			
			2/1/2017	180,000	2.61%			
			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	05/15/04	32,280,000	7/15/2014	1,075,000	4.00%	2,095,000	1,020,000	1,075,000
Addition/Renovations to Mt. Olive High School - Refunding Bonds	09/14/06	9,100,000	7/15/2014	25,000	4.00%	8,965,000	25,000	8,940,000
			7/15/2015	30,000	4.00%			
			7/15/2016	30,000	4.00%			
			7/15/2017	30,000	4.00%			
			7/15/2018	30,000	4.00%			
			7/15/2019	30,000	4.00%			
			7/15/2020	35,000	4.00%			
			7/15/2021	35,000	4.10%			
			7/15/2022	35,000	4.10%			
			7/15/2023	40,000	4.10%			
			7/15/2024	40,000	4.10%			
			7/15/2025	670,000	4.10%			
			7/15/2026	1,870,000	4.25%			
			7/15/2027	1,935,000	4.25%			
			7/15/2028	2,015,000	4.25%			
			7/15/2029	2,090,000	4.25%			

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JULY 1, 2013	RETIRED	BALANCE JUNE 30, 2014
Addition/Renovations to Mt. Olive High School - Refunding Bonds	01/04/07	$ 9,500,000	7/15/2014	$ 40,000	4.00%	$ 9,305,000	$ 40,000	$ 9,265,000
			7/15/2015	40,000	4.00%			
			7/15/2016	45,000	4.00%			
			7/15/2017	45,000	4.00%			
			7/15/2018	50,000	4.00%			
			7/15/2019	135,000	4.00%			
			7/15/2020	1,445,000	4.00%			
			7/15/2021	1,505,000	4.00%			
			7/15/2022	1,560,000	4.00%			
			7/15/2023	1,615,000	4.00%			
			7/15/2024	1,675,000	4.00%			
			7/15/2025	1,110,000	4.00%			
Addition/Renovations to Mt. Olive High School - Refunding Bonds	05/31/12	6,175,000	7/15/2014	30,000	2.00%	6,075,000	25,000	6,050,000
			7/15/2015	1,140,000	3.00%			
			7/15/2016	1,175,000	3.00%			
			7/15/2017	1,215,000	3.00%			
			7/15/2018	1,265,000	4.00%			
			7/15/2019	1,225,000	4.00%			
						$ 49,745,000	$ 3,025,000	$ 46,720,000

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Purpose	Date of Lease	Term of Lease	Amount of Original Lease Principal	Amount of Original Lease Interest	Interest Rate	Balance July 1, 2013	Retired	Balance June 30, 2014
(6) 24-Passenger School Vans, (1) 54-Passenger School Bus, Technology Equipment	03/15/09	5 Years	420,000	38,640	3.29%	$ 45,122	$ 45,122	$ -
(1) 2010 Ford F-450 Super Cab Truck Computer and Peripheral Equipment	09/15/09	5 Years	230,000	24,869	3.73%	75,811	50,072	25,739
(1) 2011 Ford F-350 Super Cab Truck Computer and Peripheral Equipment	11/10/10	5 Years	450,002	37,463	2.75%	273,669	89,980	183,689
Musical Instruments	02/28/11	4 Years	56,971	11,622	13.16%	15,887	15,887	-
						$ 410,489	$ 201,061	$ 209,428

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	$ 4,592,970	$ -	$ 4,592,970	$ 4,592,970	$ -
Miscellaneous	-	-	-	1,112	1,112
Total local sources	4,592,970	-	4,592,970	4,594,082	1,112
State sources:					
Debt service aid type II	584,489	-	584,489	584,489	-
Total state sources	584,489	-	584,489	584,489	-
TOTAL REVENUES	5,177,459	-	5,177,459	5,178,571	1,112
EXPENDITURES:					
Regular debt service:					
Interest on early retirement bonds	39,631	-	39,631	39,631	-
Interest on loans and serial bonds	2,035,145	-	2,035,145	2,035,145	-
Redemption of principal - early retirement bonds	165,000	-	165,000	165,000	-
Redemption of principal - loans and serial bonds	2,940,669	-	2,940,669	2,940,668	1
Total Regular Debt Service	5,180,445	-	5,180,445	5,180,444	1
TOTAL EXPENDITURES	5,180,445	-	5,180,445	5,180,444	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,986)	-	(2,986)	(1,873)	1,113
FUND BALANCE, July 1	6,669	-	6,669	6,669	-
FUND BALANCE, June 30	$ 3,683	$ -	$ 3,683	$ 4,796	$ 1,113
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Budgeted Fund Balance	$ (2,986)	$ -	$ (2,986)	$ (1,873)	$ 1,113
Recapitulation of Balances:					
Restricted Fund Balance:					
Restricted for future debt service payments				$ 1,113	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				3,683	
				$ 4,796	

STATISTICAL SECTION

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INTRODUCTION TO THE STATISTICAL SECTION

Contents **Pages**

Financial Trends 91-98

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

Revenue Capacity 99-102

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

Debt Capacity 103-106

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

Demographic and Economic Information 107-108

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

Operating Information 109-113

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.

Exhibit J-1

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

	Fiscal Year Ended June 30,									
	2014	*(Restated)* 2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Invested in capital assets, net of related debt	$ 20,304,261	$ 20,889,514	$ 18,234,468	$ 16,698,417	$ 17,763,304	$ 18,734,871	$ 19,646,173	$ 18,618,960	$ 3,763,209	$ 3,799,721
Restricted	6,755,089	3,241,776	2,563,951	1,210,035	20,411	32,181	139,129	984,926	6,806,079	2,232,179
Unrestricted (Deficit)	4,321,199	2,414,935	1,488,319	2,276,040	483,740	(3,576,575)	(4,321,297)	(162,155)	(1,166,971)	(1,417,427)
Total governmental activities net position	$ 31,380,549	$ 26,546,225	$ 22,286,738	$ 20,184,492	$ 18,267,455	$ 15,190,477	$ 15,464,005	$ 19,441,731	$ 9,402,317	$ 4,614,473
Business-type activities:										
Invested in capital assets, net of related debt	$ 34,263	$ 40,823	$ 52,592	$ 64,463	$ 77,966	$ 91,469	$ 105,678	$ 122,638	$ 134,041	$ 145,838
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	109,048	100,029	192,031	170,029	161,095	193,661	220,513	287,269	323,985	229,094
Total business-type activities net position	$ 143,311	$ 140,852	$ 244,623	$ 234,492	$ 239,061	$ 285,130	$ 326,191	$ 409,907	$ 458,026	$ 374,932
District-wide:										
Invested in capital assets, net of related debt	$ 20,338,524	$ 20,930,337	$ 18,287,060	$ 16,762,880	$ 17,841,270	$ 18,826,340	$ 19,751,851	$ 18,741,598	$ 3,897,250	$ 3,945,559
Restricted	6,755,089	3,241,776	2,563,951	1,210,035	20,411	32,181	139,129	984,926	6,806,079	2,232,179
Unrestricted (Deficit)	4,430,247	2,514,964	1,680,350	2,446,069	644,835	(3,382,914)	(4,100,784)	125,114	(842,986)	(1,188,333)
Total district net position	$ 31,523,860	$ 26,687,077	$ 22,531,361	$ 20,418,984	$ 18,506,516	$ 15,475,607	$ 15,790,196	$ 19,851,638	$ 9,860,343	$ 4,989,405

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,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
Instruction:										
Regular programs	$ 30,374,097	$ 31,494,232	$ 30,440,311	$ 29,279,680	$ 29,253,267	$ 28,874,002	$ 29,538,264	$ 28,392,776	$ 26,257,695	$ 25,424,351
Special education programs	9,095,697	9,002,194	8,480,211	8,473,838	8,464,554	7,299,941	8,451,020	7,525,425	6,794,223	6,090,403
Other instructional programs	2,033,353	1,796,657	1,661,105	1,529,506	1,578,165	1,308,443	1,344,860	1,408,582	1,200,190	1,168,034
School sponsored programs	1,413,971	1,128,260	1,138,941	1,123,417	1,079,690	1,012,670	1,161,487	1,130,231	1,072,970	1,045,137
Community services programs	40,784	29,698	46,610	53,148	40,789	-	237,671	192,694	140,792	27,798
Support Services:										
Tuition	2,730,940	2,711,876	2,862,242	2,964,008	3,151,685	3,457,909	3,349,320	2,553,357	2,610,450	2,401,166
Student & instruction related services	11,795,770	11,742,227	11,246,504	11,222,504	11,405,017	10,549,571	10,722,009	10,224,653	9,070,030	8,651,261
School administrative services	4,534,163	4,532,706	4,780,646	4,352,318	4,441,668	4,456,645	4,763,487	4,488,613	4,410,915	3,811,144
Other administrative services	3,475,143	3,272,978	3,312,477	3,077,718	2,968,343	3,055,916	3,038,472	2,744,156	2,525,602	2,345,576
Plant operations and maintenance	12,148,221	11,366,854	11,842,279	11,953,154	12,115,937	12,259,725	12,118,196	9,626,775	7,855,225	7,497,193
Pupil transportation	5,079,433	5,033,828	5,138,677	5,204,635	5,890,727	6,048,492	6,451,921	5,482,210	5,555,129	4,918,198
Charter schools	155,488	134,935	95,957	75,946	72,424		45,123	47,348	37,299	4,031
Interest and other debt related charges	2,176,498	2,344,683	2,955,477	2,774,929	2,721,148	2,835,064	2,915,556	3,927,627	3,073,022	4,142,208
Unallocated depreciation	50,568	52,755	55,909	65,277	79,015	86,339	92,320	101,418	1,238,708	1,374,521
Total governmental activities expenses	85,104,126	84,643,883	84,057,346	82,150,078	83,262,429	81,244,717	84,229,706	77,845,865	71,842,250	68,901,021
Business-type activities:										
Food service	1,198,103	1,221,314	1,272,852	1,266,957	1,341,549	1,348,421	1,482,292	1,441,598	1,355,509	1,284,271
Community school	-	-	40,056	113,517	160,173	195,828	173,357	181,389	172,239	148,861
Summer programs	34,965	42,822	40,410	50,824	57,488	42,759	39,865	31,801	24,940	33,473
Total business-type activities expenses	1,233,068	1,264,136	1,353,318	1,431,298	1,559,210	1,587,008	1,695,514	1,654,788	1,552,688	1,466,605
Total district expenses	$ 86,337,194	$ 85,908,019	$ 85,410,664	$ 83,581,376	$ 84,821,639	$ 82,831,725	$ 85,925,220	$ 79,500,653	$ 73,394,938	$ 70,367,626

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

	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Program Revenues										
Governmental activities:										
Charges for services:										
Regular programs (Sunset Academy fees, tuition)	$ 15,564	$ 5,400	$ 7,053	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special education programs (tuition)	166,822	47,494	56,178	87,350	113,801	103,408	271,335	126,618	94,978	131,562
School sponsored programs (sports and activity fees)	-	-	81,658	85,155	63,787	-	-	-	-	-
Plant operations and maintenance (building usage, parking)	109,545	101,755	158,787	56,007	70,875	50,572	67,918	43,284	115,653	176,837
Pupil transportation (transportation fees)	5,597	57,357	229,595	213,067	24,362	30,235	35,188	93,601	168,377	237,364
Operating grants and contributions	13,170,198	14,069,996	12,135,738	12,226,330	16,160,847	11,825,243	13,626,319	13,027,363	10,790,379	10,424,271
Capital grants and contributions	-	247,696	266,917	15,454	68,465	-	-	8,700,382	4,403,899	1,601,097
Total governmental activities program revenues	13,467,726	14,529,698	12,935,926	12,683,363	16,502,137	12,009,458	14,000,760	21,991,248	15,573,286	12,571,131
Business-type activities:										
Charges for services:										
Food service	724,307	774,919	922,334	950,217	1,001,572	1,059,598	1,088,892	1,076,005	1,105,351	1,029,665
Community school	-	-	20,271	94,059	152,901	183,467	190,352	167,724	163,208	161,175
Summer programs	30,466	42,904	50,372	36,295	33,813	51,258	47,551	46,494	10,894	4,235
Operating grants and contributions	365,754	340,497	364,214	345,789	343,921	291,976	317,405	300,809	238,713	212,075
Total business-type activities program revenues	1,120,527	1,158,320	1,357,191	1,426,360	1,532,207	1,586,299	1,644,200	1,591,032	1,518,166	1,407,150
Total district program revenues	$ 14,588,253	$ 15,688,018	$ 14,293,117	$ 14,109,723	$ 18,034,344	$ 13,595,757	$ 15,644,960	$ 23,582,280	$ 17,091,452	$ 13,978,281
Net (Expense)/Revenue										
Governmental activities	$(71,636,400)	$(70,114,185)	$(71,121,420)	$(69,466,715)	$(66,760,292)	$(69,235,259)	$(70,228,946)	$(55,854,617)	$(56,268,964)	$(56,329,890)
Business-type activities	(112,541)	(105,816)	3,873	(4,938)	(27,003)	(709)	(51,314)	(63,756)	(34,522)	(59,455)
Total district-wide net (expense)/revenue	$(71,748,941)	$(70,220,001)	$(71,117,547)	$(69,471,653)	$(66,787,295)	$(69,235,968)	$(70,280,260)	$(55,918,373)	$(56,303,486)	$(56,389,345)

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

	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	$ 59,670,216	$ 58,500,212	$ 57,353,149	$ 56,228,577	$ 56,099,419	$ 53,189,858	$ 52,201,822	$ 49,278,445	$ 45,886,614	$ 43,809,539
Taxes levied for debt service	4,592,970	4,576,028	4,611,674	4,598,981	4,478,743	4,458,369	2,884,116	4,239,536	4,170,259	3,242,544
Unrestricted grants and contributions	11,616,865	11,638,067	11,351,096	10,199,501	9,121,265	10,956,684	10,243,283	9,817,027	9,697,625	9,679,376
Extraordinary items	624,852	21,398	(220,988)	-	-	-	(230,425)	-	96,500	-
Investment earnings	10,892	7,604	8,685	12,354	5,987	44,741	177,825	2,228,619	1,156,671	1,437,184
Miscellaneous income	69,929	68,690	126,251	344,339	111,856	270,079	932,599	97,776	152,139	41,558
Transfers	(115,000)	-	(6,201)	-	20,000	42,000	42,000	1,000	(103,000)	(132,000)
Total governmental activities	76,470,724	74,811,999	73,223,666	71,383,752	69,837,270	68,961,731	66,251,220	65,662,403	61,056,808	58,078,201
Business-type activities:										
Investment earnings	-	1,345	57	369	934	1,648	9,598	16,637	14,616	6,548
Extraordinary items	-	700	-	-	-	-	-	-	-	-
Transfers	115,000	-	6,201	-	(20,000)	(42,000)	(42,000)	(1,000)	103,000	132,000
Total business-type activities	115,000	2,045	6,258	369	(19,066)	(40,352)	(32,402)	15,637	117,616	138,548
Total district-wide	$ 76,585,724	$ 74,814,044	$ 73,229,924	$ 71,384,121	$ 69,818,204	$ 68,921,379	$ 66,218,818	$ 65,678,040	$ 61,174,424	$ 58,216,749
Change in Net Position										
Governmental activities	$ 4,834,324	$ 4,697,814	$ 2,102,246	$ 1,917,037	$ 3,076,978	$ (273,528)	$ (3,977,726)	$ 9,807,786	$ 4,787,844	$ 1,748,311
Business-type activities	2,459	(103,771)	10,131	(4,569)	(46,069)	(41,061)	(83,716)	(48,119)	83,094	79,093
Total district	$ 4,836,783	$ 4,594,043	$ 2,112,377	$ 1,912,468	$ 3,030,909	$ (314,589)	$ (4,061,442)	$ 9,759,667	$ 4,870,938	$ 1,827,404

Source: District records

Exhibit J-3

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

	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Restricted	$ 6,937,450	$ 3,235,107	$ 2,208,841	$ 803,360	$ 16,243	$ 15,986	$ 15,676	$ 389,030	$ 118,048	$ 483,508
Committed	1,276,855	1,105,729	980,583	183,000	-	-	-	19,380	-	-
Assigned	4,180,921	4,726,347	3,641,657	4,180,839	3,659,053	1,068,269	1,489,573	1,624,143	2,558,525	2,444,044
Unassigned	1,907,453	1,889,251	2,119,323	2,406,080	1,737,601	392,743	(478,391)	848,984	755,924	739,642
Total general fund	$ 14,302,679	$ 10,956,434	$ 8,950,404	$ 7,573,279	$ 5,412,897	$ 1,476,998	$ 1,026,858	$ 2,881,537	$ 3,432,497	$ 3,667,194
All Other Governmental Funds										
Restricted for:										
Capital projects	$ -	$ -	$ 350,454	$ 403,689	$ 1,129	$ 2,200	$ 123,453	$ 433,698	$ 9,480,608	$ 30,950,711
Debt service	4,796	3,683	4,656	2,986	3,039	13,995	-	162,198	50,923	187,540
Assigned	-	2,986	-	-	-	-	-	-	-	-
Unassigned	(187,157)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ (182,361)	$ 6,669	$ 355,110	$ 406,675	$ 4,168	$ 16,195	$ 123,453	$ 595,896	$ 9,531,531	$ 31,138,251

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,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Tax levy	$ 64,263,186	$ 63,076,240	$ 61,964,823	$ 60,827,558	$ 60,578,162	$ 57,648,227	$ 55,085,938	$ 53,517,981	$ 50,056,873	$ 47,052,083
Tuition charges	170,986	47,494	56,178	87,350	113,801	103,408	271,335	126,618	94,978	131,562
Interest earnings	10,892	7,604	8,685	12,354	5,987	44,741	177,825	2,228,619	1,156,671	1,437,184
Transportation fees	5,597	57,357	229,595	213,067	24,362	30,235	35,188	93,601	168,377	237,364
Rental income	-	-	-	-	-	-	-	-	85,633	146,375
Miscellaneous	815,726	197,243	373,749	485,501	246,518	321,443	1,005,621	141,060	282,699	90,571
State sources	23,286,891	24,651,784	22,171,339	20,416,124	21,225,043	21,612,738	22,233,937	30,342,000	23,902,311	20,572,898
Federal sources	1,500,172	1,303,975	1,582,412	2,025,161	4,125,534	1,168,397	1,635,665	1,202,772	989,052	1,113,295
Total revenue	90,053,450	89,341,697	86,386,781	84,067,115	86,319,407	80,929,189	80,445,509	87,652,651	76,736,594	70,781,332
Expenditures										
Instruction:										
Regular Instruction	21,605,660	22,034,273	21,865,872	20,949,176	20,465,844	20,375,044	20,178,505	19,549,789	19,156,321	19,097,322
Special education instruction	6,453,080	6,123,026	6,029,745	6,126,413	5,812,533	5,183,587	5,729,167	5,169,688	4,943,019	4,536,162
Other instructional programs	1,476,002	1,232,256	1,186,752	1,102,572	1,081,345	933,563	901,818	959,586	873,650	871,428
School sponsored programs	1,069,470	850,449	868,773	846,534	813,821	770,131	910,714	900,141	866,945	871,800
Community services programs	40,784	29,698	43,857	47,542	35,390	-	164,377	134,694	104,320	23,478
Support Services:										
Tuition	2,730,940	2,711,876	2,862,242	2,964,008	3,151,685	3,392,265	3,349,320	2,553,357	2,647,749	2,405,197
Student & inst. related services	8,528,782	8,351,729	8,131,635	8,297,296	8,254,590	7,708,012	7,725,924	7,485,456	6,905,857	6,731,461
School administrative services	3,166,897	3,126,636	3,216,347	3,062,816	3,037,525	3,149,541	3,342,593	3,191,495	3,282,926	2,909,544
Other administrative services	2,745,813	2,582,402	2,599,568	2,401,104	2,335,164	2,453,562	2,414,639	2,279,895	2,081,919	1,972,621
Plant operations and maintenance	7,095,980	6,571,630	7,054,440	7,275,560	7,385,965	7,630,014	7,652,112	7,194,867	6,594,110	6,413,924
Pupil transportation	3,950,618	3,944,166	3,984,861	3,963,774	4,475,471	4,913,561	5,255,049	4,356,902	4,346,124	3,852,922
Employee benefits	20,031,310	21,147,769	19,306,765	18,667,448	20,039,281	18,697,449	20,212,132	18,482,389	15,193,902	13,496,227
Charter Schools	155,488	134,935	95,957	75,946	72,424	65,644	45,123	47,348	-	-
Capital outlay	2,549,967	3,686,049	2,613,856	1,051,275	511,925	701,203	1,075,849	19,051,279	26,732,356	2,294,605
Debt service:										
Principal	3,105,668	3,040,869	2,807,152	2,665,299	2,541,417	2,402,519	1,575,466	2,061,383	1,967,300	1,650,084
Interest and other charges	2,074,776	2,116,345	2,387,198	2,514,436	2,631,155	2,732,481	2,798,134	4,604,490	3,065,298	3,016,299
Total expenditures	86,781,235	87,684,108	85,055,020	82,011,199	82,645,535	81,108,576	83,330,922	98,022,759	98,761,796	70,143,074
Excess (Deficiency) of revenues over (under) expenditures	3,272,215	1,657,589	1,331,761	2,055,916	3,673,872	(179,387)	(2,885,413)	(10,370,108)	(22,025,202)	638,258

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,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-
Permanent financing of temp. debt	-	-	-	-	-	-	-	-	-	-
Refunding bonds	-	-	7,710,000	-	-	-	-	18,600,000	-	30,500,000
Original issue premium	-	-	601,529	-	-	-	-	133,310	-	1,691,044
Payments to escrow agent	-	-	(8,184,603)	-	-	-	-	(18,465,867)	-	(31,863,490)
Costs of issuance	-	-	(126,926)	-	-	-	-	(240,752)	-	(327,554)
Cancellation of loans payable	-	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	506,973	230,000	480,269	516,291	855,822	286,785	-
Transfers in	3,021	47,176	337,355	427,999	126,028	42,000	42,000	193,441	892,386	649,047
Transfers out	(118,021)	(47,176)	(343,556)	(427,999)	(106,028)	-	-	(192,441)	(995,386)	(781,047)
Total other financing sources (uses)	(115,000)	-	(6,201)	506,973	250,000	522,269	558,291	883,513	183,785	(132,000)
Net change in fund balances	$ 3,157,215	$ 1,657,589	$ 1,325,560	$ 2,562,889	$ 3,923,872	$ 342,882	$ (2,327,122)	$ (9,486,595)	$ (21,841,417)	$ 506,258
Debt service as a percentage of noncapital expenditures	6.15%	6.14%	6.30%	6.40%	6.30%	6.39%	5.32%	8.44%	6.99%	6.88%

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 Property	Sunset Academy Fees	Legal Settlement	Other	Annual Totals
2005	15,067	$ 3,964	$ 3,556	$ -	$ 30,462	$ 2,606	$ 3,107	$ -	$ -	$ -	$ -	$ 2,697	$ 61,459
2006	6,120	46,247	3,555	-	30,020	44,678	3,203	-	100,000	-	-	1,405	235,228
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

Source: District records

Exhibit J-6

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]
2004	$ 68,056,700	$ 1,149,478,100	$ 6,922,200	$ 1,191,500	$ 255,933,700	$ 371,175,600	$ 145,725,000	$ 1,998,482,800	$ 4,652,732	$ 2,003,135,532	$ 134,395,200	$ 2,491,506,000	$ 2.24
2005	64,936,100	1,178,432,500	6,929,100	1,177,700	266,405,500	317,578,200	145,725,000	1,981,184,100	4,652,732	1,985,836,832	136,591,300	2,814,287,205	2.44
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

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 and Equipment of Telephone, Telegraph and Messenger System Companies

[b] Tax rates are per $100

Exhibit J-7

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

	Mount Olive Township School District Direct Rate			Overlapping Rates		
Fiscal Year Ended December 31,	Basic Rate [a]	General Obligation Debt Service [b]	(From J-6) Total Direct School Tax Rate	Mount Olive Township	Morris County	Total Direct and Overlapping Tax Rate
2004	$ 2.10	$ 0.15	$ 2.24	$ 0.75	$ 0.35	$ 3.34
2005	2.25	0.19	2.44	0.82	0.38	3.64
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

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

* 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.

Exhibit J-8

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

	December 31, 2013			December 31, 2003		
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
East Coast Oakwood Village, LLC	$ 99,500,000	1	3.32%	$ 50,300,000	2	2.60%
Segal Realty Associates of NJ, LLC	89,700,000	2	3.00%	48,700,000	4	2.52%
Toys R Us Inc.	49,500,000	3	1.65%	49,170,000	3	2.54%
Eagle Rock Village Inc.	32,041,700	4	1.07%	23,465,000	6	1.21%
SCI ITC South Fund, LLC	31,600,000	5	1.06%	-	-	-
ATC Realty Sixteen Inc. (formerly BASF Corporation)	25,000,000	6	0.84%	140,000,000	1	7.24%
SCI ITC South Fund, LLC	20,458,600	7	0.68%	-	-	-
350 Clark Drive LLC	20,000,000	8	0.67%	-	-	-
Kings Village, LLC	20,000,000	9	0.67%	-	-	-
National Shopping Center Associates, LLC	18,739,100	10	0.63%	-	-	-
Unilever Cosmetics International	-	-	-	34,200,000	5	1.77%
AIG Baker	-	-	-	15,187,400	7	0.79%
DE 149 Corp.	-	-	-	15,049,600	8	0.78%
Mt. Olive Industrial Realty	-	-	-	13,650,000	9	0.71%
AIG Baker	-	-	-	13,075,000	10	0.68%
Total	$ 406,539,400		13.58%	$ 402,797,000		20.84%

Source: Municipal Tax Collector

Exhibit J-9

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	
2004	$ 44,908,191	$ 44,908,191	100.00%	-
2005	48,554,478	48,554,478	100.00%	-
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%	-

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.

Exhibit J-10

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

	Governmental Activities					
Fiscal Year Ended June 30,	General Obligation Bonds	Sewer Connection Project Loan	Bond Anticipation Notes (BANs)	Total District	Percentage of Personal Income [a]	Per Capita [a]
2005	$ 66,810,000	$ 747,074	$ -	$ 67,557,074	4.25%	$ 2,649
2006	64,905,000	684,774	-	65,589,774	3.85%	2,571
2007	64,100,000	623,390	-	64,723,390	3.61%	2,525
2008	62,585,000	562,924	-	63,147,924	3.39%	2,444
2009	60,250,000	495,405	-	60,745,405	3.47%	2,343
2010	57,775,000	428,988	-	58,203,988	3.01%	2,068
2011	55,175,000	363,689	-	55,538,689	2.73%	1,964
2012	52,715,000	291,537	-	53,006,537	2.51%	1,860
2013	49,745,000	220,668	-	49,965,668	N/A	1,739
2014	46,720,000	140,000	-	46,860,000	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 2012 and population data is not available beyond 2013.

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

Exhibit J-11

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

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2005	$ 66,810,000	-	$ 66,810,000	3.36%	$ 2,619
2006	64,905,000	-	64,905,000	3.24%	2,544
2007	64,100,000	-	64,100,000	3.24%	2,501
2008	62,585,000	-	62,585,000	1.70%	2,422
2009	60,250,000	-	60,250,000	1.65%	2,324
2010	57,775,000	-	57,775,000	1.90%	2,053
2011	55,175,000	-	55,175,000	1.83%	1,952
2012	52,715,000	-	52,715,000	1.76%	1,850
2013	49,745,000	-	49,745,000	1.66%	1,731
2014	46,720,000	-	46,720,000	1.51%	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 2013.

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

Exhibit J-12

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014
UNAUDITED

	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Township of Mt. Olive [b]	$ 23,293,673	100.000%	$ 23,293,673
County of Morris [c]	243,041,777	3.517%	8,548,192
Subtotal, overlapping debt			31,841,865
Mt. Olive Township School District Direct Debt [d]			46,860,000
Total direct and overlapping debt			$ 78,701,865

Source: Outstanding debt schedules 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, 2013 as per the Township's Annual Debt Statement.

[c] Net debt at June 30, 2014 as reported by the County of Morris.

[d] School District debt includes all bonds, notes and loans issued as of June 30, 2014 as per Schedule J-10.

Exhibit J-13

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

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized valuation basis		
2013		$ 3,084,757,898
2012		3,191,541,347
2011		3,305,375,523
	[A]	$ 9,581,674,768
Average equalized valuation of taxable property	[A/3]	$ 3,193,891,589
Debt limit (4% of average equalized valuation)	[B]	$ 127,755,664
Total net debt applicable to limit	[C]	46,720,000
Legal debt margin	[B-C]	$ 81,035,664

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 97,881,849	$ 113,953,986	$ 131,614,036	$ 145,290,370	$ 152,652,749	$ 152,968,716	$ 148,613,894	$ 141,075,637	$ 133,689,899	$ 127,755,664
Total net debt applicable to limit	66,810,000	64,905,000	64,100,000	62,585,000	60,250,000	57,775,000	55,175,000	52,715,000	49,745,000	46,720,000
Legal debt margin	$ 31,071,849	$ 49,048,986	$ 67,514,036	$ 82,705,370	$ 92,402,749	$ 95,193,716	$ 93,438,894	$ 88,360,637	$ 83,944,899	$ 81,035,664
Total net debt applicable to the limit as a percentage of debt limit	68.26%	56.96%	48.70%	43.08%	39.47%	37.77%	37.13%	37.37%	37.21%	36.57%

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.

Exhibit J-14

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]
2004	25,365	$ 1,527,835,410	$ 60,234	4.5%
2005	25,505	1,587,941,300	62,260	3.6%
2006	25,515	1,705,090,905	66,827	3.6%
2007	25,633	1,791,746,700	69,900	3.4%
2008	25,843	1,860,437,570	71,990	4.3%
2009	25,925	1,751,078,200	67,544	8.8%
2010	28,141	1,933,990,225	68,725	8.9%
2011	28,273	2,033,761,709	71,933	8.2%
2012	28,492	2,110,032,044	74,057	8.3%
2013	28,738	N/A	N/A	7.0%

Source:

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

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

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

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

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

Exhibit J-15

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR
UNAUDITED

Employer	Employees	Rank	Percentage of Total Municipal Employment [a]
Mt. Olive Township School District	825	1	5.00%
Siemens Medical Solutions	460	2	2.79%
Toys R Us	350	3	2.12%
Givaudan Fragrances Corp.	205	4	1.24%
Wal-Mart Stores Inc.	201	5	1.22%
Shop Rite of Flanders	200	6	1.21%
Lowe's Home Centers Inc.	175	7	1.06%
Sam's Club	150	8	0.91%
Mount Olive Township	143	9	0.87%
American Sensor Technologies	93	10	0.56%
	2,802		17.00%

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

[a] Based on 2013 annual average labor force estimates by municipality reported by the New Jersey Department of Labor and Workforce Development.

Exhibit J-16

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction:										
Regular	338.0	334.0	321.0	323.0	307.5	286.0	282.0	270.0	279.8	285.0
Special education	103.0	109.0	123.0	123.0	114.5	121.5	125.0	125.0	106.4	131.4
Other instruction	11.0	11.0	11.0	11.5	11.5	11.5	16.0	16.0	15.2	20.0
Community services programs	1.0	2.0	2.0	3.0	1.0	1.0	0.3	0.3	-	-
Support Services:										
Student & instruction related services	115.0	126.0	121.5	122.5	118.0	124.5	129.8	130.3	134.8	143.6
General administration	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
School administrative services	36.5	39.0	39.0	37.0	36.0	39.0	40.0	40.0	39.0	40.0
Business and other support services	10.5	10.5	10.5	10.5	10.0	9.5	9.5	9.5	9.5	9.5
Administrative information technology	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	6.0	8.0
Plant operations and maintenance	71.0	69.0	69.0	70.0	86.5	88.5	84.0	85.0	85.0	112.0
Pupil transportation	69.0	71.0	68.0	68.0	75.0	73.5	66.0	66.0	69.0	70.5
Total	765.0	782.5	776.0	779.5	771.0	766.0	762.6	752.1	749.7	824.9

Source: District Records

Exhibit J-17

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				
2005	4,883.5	$ 63,228,877	$ 12,947	5.59%	471	22	24	25	4,847	4,613	1.64%	95.2%
2006	4,979.0	66,996,842	13,456	3.93%	455	19	21	20	4,921	4,673	1.53%	95.0%
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%

Source: District records

[a] Enrollment is based on the annual October district count. The 2014 count represents student enrollment as of October 15, 2013.

[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).

Exhibit J-18

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

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elementary										
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	880	880	887	887	887
Enrollment [b]	593	609	676	714	719	700	697	692	648	648
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	886	886	866	866	866
Enrollment [b]	713	675	628	623	608	607	599	579	526	508
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	653	653	589	589	589
Enrollment [b]	496	514	497	440	451	426	422	384	374	376
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	676	676	688	688	688
Enrollment [b]	570	582	591	561	538	527	526	494	456	460
Middle School										
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	1,200	1,200	1,400	1,400	1,400
Enrollment [b]	1,132	1,173	1,223	1,197	1,167	1,164	1,137	1,150	1,157	1,205
High School										
Mt. Olive High School (1978)										
Square Feet	205,000	205,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000
Capacity (students) [a]	1,214	1,214	1,740	1,740	1,740	1,740	1,740	1,600	1,600	1,600
Enrollment [b]	1,317	1,358	1,378	1,376	1,425	1,468	1,508	1,456	1,444	1,452
Other										
Administration Building (1925)										
Square Feet	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Bus Garage										
Square Feet	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500
Flanders School (1929)										
Square Feet [c]	14,576	-	-	-	-	-	-	-	-	-

Number of Schools at June 30, 2014
- Elementary = 4
- Middle School = 1
- High School = 1
- Other Buildings = 2

Source: District Facilities Office, Demographer's Report, ASSA Report

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

[a] Functional capacity for years 2012-2014 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 2014 count represents the number of on roll full-time and shared-time students as of October 15, 2013.

[c] The Flanders School was sold during the 2006 fiscal year.

Exhibit J-19

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

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

	School Facilities *							
	Mt. Olive High School	Mt. Olive Middle School	Chester Stephens Elementary School	Tinc Road Elementary School	Sandshore Elementary School	Mt. View Elementary School	Other Facilities/ Unallocated [a]	Total
2005	$ 117,151	$ 99,678	$ 59,766	$ 70,068	$ 73,030	$ 63,882	$ 246,142	$ 729,717
2006	170,999	79,224	39,253	46,667	33,286	97,316	230,418	697,163
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
Total School Facilities	$ 2,028,887	$ 1,291,275	$ 599,891	$ 520,775	$ 510,921	$ 707,965	$ 2,449,687	$ 8,109,401

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, the Flanders School and unallocated maintenance salaries.

Exhibit J-20

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Coverage	Deductible
School Alliance Insurance Fund - School Package Policy		
Property:	$ 250,000,000	$ 2,500
Building and personal property		
Inland Marine - auto physical damage		
General Liability including Auto and Employee Benefits:		
Per occurrence	$ 5,000,000	
Fund annual aggregate	$ 100,000,000	
Fire damage	$ 2,500,000	
Medical expenses (excluding student athletes)	$ 10,000	
Environmental Impairment Liability:		
Per incident	$ 1,000,000	$ 5,000
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
Selective Insurance - Surety Bonds:		
Board Secretary	$ 30,000	
Treasurer of School Monies	$ 400,000	
Bollinger - Student Accident Insurance	$ 1,000,000	

Source: Insurance Agent

SINGLE AUDIT SECTION

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REPORT ON INTERNAL CONTROL OVERFINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERSBASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED INACCORDANCE 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2014.

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.

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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, however, the New Jersey Department of Education in their review disclosed instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as Items 2014-01 through 2014-20.

Township of Mount Olive Board of Education's Responses to Findings

The Township of Mount Olive Board of Education's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questions Costs. The Township of Mount Olive Board of Education's responses were no subject to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

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 December 2, 2014.

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, Wielkotz, Cerullo & Cuva, P.A.

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

Newton, New Jersey

December 2, 2014

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY U.S. OMB CIRCULAR A-133 AND NEW JERSEY'S OMB CIRCULAR 04-04

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 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 Circular A-133 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, 2014. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB Circular 04-04 require that we

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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.

Basis for Qualified Opinion on Title I – Improving Basic Programs, Title IIA – Teacher and Principal Training and Recruiting, I.D.E.A. Part B – Basic/Preschool.

As described in findings 2014-01 through 2014-20 in the accompanying Schedule of Finding and Questioned Costs, the Township of Mount Olive School District did not comply with requirements regarding the following as reported by New Jersey Department of Education's review of funds received and disbursed from one or more federal programs dated June 10, 2014.

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2014-1	84.010	Title I - Improving Basic Programs	Allowable Costs/Cost Principles
2014-2	84.010	Title I - Improving Basic Programs	Matching, Level of effort, earmarking
2014-3	84.010	Title I - Improving Basic Programs	Allowable Costs/Cost Principles
2014-4	84.010	Title I - Improving Basic Programs	Special tests and provisions
2014-5	84.010	Title I - Improving Basic Programs	Eligibility
2014-6	84.010	Title I - Improving Basic Programs	Special tests and provisions
2014-7	84.010	Title I - Improving Basic Programs	Special tests and provisions
2014-8	84.010	Title I - Improving Basic Programs	Special tests and provisions
2014-9	84.010	Title I - Improving Basic Programs	Special tests and provisions
2014-10	84.010	Title I - Improving Basic Programs	Special tests and provisions
2014-11	84.367	Title IIA - Teacher & Principal Training & Recruiting	Reporting
2014-12	84.367	Title IIA - Teacher & Principal Training & Recruiting	Allowable Costs/Cost Principles
2014-13	84.027/84.173	I.D.E.A. Part B - Basic Regular/Preschool	Special tests and provisions
2014-14	84.027/84.173	I.D.E.A. Part B - Basic Regular/Preschool	Special tests and provisions
2014-15	84.027/84.173	I.D.E.A. Part B - Basic Regular/Preschool	Special tests and provisions
2014-16	84.027/84.173	I.D.E.A. Part B - Basic Regular/Preschool	Special tests and provisions
2014-17	84.027/84.173	I.D.E.A. Part B - Basic Regular/Preschool	Special tests and provisions
2014-18	84.027/84.173	I.D.E.A. Part B - Basic Regular/Preschool	Special tests and provisions
2014-19	84.027/84.173	I.D.E.A. Part B - Basic Regular/Preschool	Special tests and provisions
2014-20	84.027/84.173	I.D.E.A. Part B - Basic Regular/Preschool	Special tests and provisions

Qualified Opinion on Title I – Improving Basic Programs, Title IIA – Teacher and Principal Training and Recruiting, I.D.E.A. Part B – Basic/Preschool.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Township of Mount Olive School District 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 major federal and state program for the year ended June 30, 2014.

FWCC

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, 2014.

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 OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

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 OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

FWCC

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB Circular 04-04

We have audited the financial statements of the Township of Mount Olive Board of Education as of and for the year ended June 30, 2014, and have issued our report there dated December 2, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

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

Newton, New Jersey

December 2, 2014

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2013	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2014 Accounts Receivable	Balance at June 30, 2014 Deferred Revenue	Balance at June 30, 2014 Due to Grantor
U.S. Department of Education											
Passed-through State Department of Education											
General Fund:											
Education Jobs Fund Grants	84.410A	1,410	07/01/12	09/30/12	$ (1,410)	$ 1,410	$ -	$ -	$ -	$ -	$ -
Medicaid Administrative Claiming (MAC)	93.778	7,064	09/01/13	08/31/14	-	7,064	(7,064)	-	-	-	-
Special Education Medicaid Initiative (SEMI)	93.778	45,619	09/01/13	08/31/14	-	45,620	(45,620)	-	-	-	-
Total General Fund					(1,410)	54,094	(52,684)	-	-	-	-
Special Revenue Fund:											
Title I Part A, Improving Basic Programs	84.010A	163,159	09/01/12	08/31/13	(187,088)	181,733	-	5,355	-	-	-
Title I Part A, Improving Basic Programs	84.010A	329,272	07/01/13	06/30/14	-	180,615	(307,394)	-	(126,779)	-	-
Title IIA, Teacher and Principal Training and Recruiting Fund	84.367A	79,720	09/01/12	08/31/13	(31,588)	31,588	-	-	-	-	-
Title IIA, Teacher and Principal Training and Recruiting Fund	84.367A	78,855	07/01/13	06/30/14	-	56,096	(74,209)	-	(18,113)	-	-
Title III, English Language Acquisition and Language Enhancement	84.365A	12,266	09/01/12	08/31/13	(5,751)	5,751	-	-	-	-	-
Title III, English Language Acquisition and Language Enhancement	84.365A	18,289	07/01/13	06/30/14	-	12,140	(15,639)	-	(3,499)	-	-
I.D.E.A. Part B (Basic)	84.027	979,131	09/01/12	08/31/13	(306,327)	306,320	-	7	-	-	-
I.D.E.A. Part B (Basic)	84.027	905,349	07/01/13	06/30/14	-	619,624	(854,225)	-	(234,601)	-	-
I.D.E.A. Part B (Preschool Grants)	84.173	43,208	09/01/12	08/31/13	(16,447)	16,447	-	-	-	-	-
I.D.E.A. Part B (Preschool Grants)	84.173	40,508	07/01/13	06/30/14	-	29,617	(41,224)	-	(11,607)	-	-
Vocational Education - Basic Grants to States	84.048A	25,029	07/01/12	06/30/13	(13,498)	13,498	-	-	-	-	-
Vocational Education - Basic Grants to States	84.048A	24,378	07/01/13	06/30/14	-	11,601	(21,813)	-	(10,212)	-	-
Race to the Top	84.413A	8,533	07/01/12	11/30/15	-	-	(6,388)	-	(6,388)	-	-
Disaster Grants - Public Assistance	97.036	21,253	07/01/12	06/30/13	(14,244)	14,244	-	-	-	-	-
Disaster Grants - Public Assistance	97.036	3,022	07/01/13	06/30/14	-	3,022	(3,022)	-	-	-	-
					(574,943)	1,482,296	(1,323,914)	5,362	(411,199)	-	-
U.S. Department of Agriculture											
Passed-through State Department of Education											
Enterprise Fund:											
Food Donation	10.550	81,570	09/01/13	08/31/14	-	81,570	(81,570)	-	-	-	-
School Breakfast Program	10.553	6,365	09/01/12	08/31/13	(668)	668	-	-	-	-	-
School Breakfast Program	10.553	7,597	09/01/13	08/31/14	-	5,977	(7,597)	-	(1,620)	-	-
National School Lunch Program	10.555	245,778	09/01/12	08/31/13	(20,520)	20,520	-	-	-	-	-
National School Lunch Program	10.555	262,924	09/01/13	08/31/14	-	205,207	(262,924)	-	(57,717)	-	-
Special Milk for Children	10.556	2,562	09/01/12	08/31/13	(225)	225	-	-	-	-	-
Special Milk for Children	10.556	2,265	09/01/13	08/31/14	-	1,799	(2,265)	-	(466)	-	-
After School Snack	10.555	1,459	09/01/13	08/31/14	-	1,459	(1,459)	-	-	-	-
										-	-
Total Enterprise Fund					(21,413)	317,425	(355,815)	-	(59,803)	-	-
Sub-Total Federal Financial Awards					$ (597,766)	$ 1,853,815	$ (1,732,413)	$ 5,362	$(471,002)	$ -	$ -

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, 2014

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2013	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2014 (Accounts Receivable)	Balance at June 30, 2014 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education												
General Fund:												
Special Education Aid, Carryover	13-495-034-5120-089	$ 2,962,415	07/01/12	06/30/13	$ (296,241)	$ 296,241	$ -	$ -	$ -	$ -	$ -	$ -
Special Education Aid	14-495-034-5120-089	2,928,748	07/01/13	06/30/14	-	2,635,874	(2,928,748)	-	-	-	(292,874)	2,928,748
Transportation Aid, Carryover	13-495-034-5120-014	379,847	07/01/12	06/30/13	(37,985)	37,985	-	-	-	-	-	-
Transportation Aid	14-495-034-5120-014	483,485	07/01/13	06/30/14	-	435,136	(483,485)		-		(48,349)	483,485
Extraordinary Special Education Costs Aid, Carryover	13-100-034-5120-473	2,087,095	07/01/12	06/30/13	(2,087,095)	2,087,095	-	-	-	-	-	-
Extraordinary Special Education Costs Aid	14-100-034-5120-473	1,864,928	07/01/13	06/30/14	-	-	(1,864,928)	-	(1,864,928)	-	-	1,864,928
Nonpublic School Transportation Aid, Carryover	13-495-034-5120-014	31,888	07/01/12	06/30/13	(31,887)	31,887	-	-	-	-	-	-
Nonpublic School Transportation Aid	14-495-034-5120-014	28,777	07/01/13	06/30/14	-	-	(28,777)	-	(28,777)	-	-	28,777
Equalization Aid, Carryover	13-495-034-5120-078	11,656,167	07/01/12	06/30/13	(1,129,524)	1,129,524	-	-	-	-	-	-
Equalization Aid	14-495-034-5120-078	11,587,203	07/01/13	06/30/14	-	10,463,684	(11,587,203)	-	-	-	(1,123,519)	11,587,203
Security Aid, Carryover	13-495-034-5120-084	94,294	07/01/12	06/30/13	(9,430)	9,430	-	-	-	-	-	-
Security Aid	14-495-034-5120-084	93,288	07/01/13	06/30/14	-	83,959	(93,288)	-	-	-	(9,329)	93,288
Homeless Tuition Reimbursement	N/A	5,082	07/01/13	06/30/14	-	5,082	(5,082)	-	-	-	-	5,082
Special Education Post School Outcome	N/A	4,800	07/01/13	06/30/14	-	4,800	(4,800)	-	-	-	-	4,800
Anti-Bullying Bill of Rights Act Support	N/A	13,775	07/01/13	06/30/14	-	13,775	(13,775)	-	-	-	-	13,775
Reimbursed T.P.A.F. Social Security Tax, Carryover	13-495-034-5095-002	2,336,206	07/01/12	06/30/13	(112,404)	112,404	-	-	-	-	-	-
Reimbursed T.P.A.F. Social Security Tax	14-495-034-5095-002	2,281,017	07/01/13	06/30/14	-	2,167,848	(2,281,017)	-	(113,169)	-	-	2,281,017
On-behalf T.P.A.F. Pension	14-495-034-5095-006	1,185,559	07/01/13	06/30/14	-	1,185,559	(1,185,559)	-	-	-	-	1,185,559
On-behalf T.P.A.F. Non-Contributory Insurance	14-495-034-5095-007	104,645	07/01/13	06/30/14	-	104,645	(104,645)	-	-	-	-	104,645
On-behalf T.P.A.F. Post Retirement Medical	14-495-034-5095-001	2,115,450	07/01/13	06/30/14	-	2,115,450	(2,115,450)	-	-	-	-	2,115,450
Total General Fund					(3,704,566)	22,920,378	(22,696,757)	-	(2,006,874)	-	(1,474,071)	22,696,757
Special Revenue Fund:												
Nonpublic Textbook Aid	14-100-034-5120-064	439	07/01/13	06/30/14	-	439	(274)	-	-	165	-	274
Nonpublic Nursing Aid	14-100-034-5120-070	618	07/01/13	06/30/14	-	618	(386)	-	-	232	-	386
Nonpublic Technology Aid	14-100-034-5120-373	160	07/01/13	06/30/14	-	160	(100)	-	-	60	-	100
CTEP Marketing Model Program of Study Pilot Program (Passed through Middlesex County College)	12-AG92-G06	9,000	09/01/12	08/31/13	-	2,901	(6,035)	-	(3,134)	-	-	6,035
Total Special Revenue Fund					-	4,118	(6,795)	-	(3,134)	457	-	6,795
Capital Projects Fund:												
Schools Construction Corporation Grant	1650-050-05-1000	199,580	02/24/14	08/24/15	-	-	(32,011)	-	-	-	(199,580)	32,011
Schools Construction Corporation Grant	1650-050-05-1000	589,470	02/24/14	08/24/15	-	-	(62,899)	-	-	-	(589,470)	62,899
Schools Construction Corporation Grant	1650-050-05-1000	140,887	02/24/14	08/24/15	-	-	(17,520)	-	-	-	(140,887)	17,520
Schools Construction Corporation Grant	1650-050-05-1000	347,936	02/24/14	08/24/15	-	-	(41,815)	-	-	-	(347,936)	41,815
Schools Construction Corporation Grant	1650-050-05-1000	282,628	02/24/14	08/24/15	-	-	(32,912)	-	-	-	(282,628)	32,912
Total Capital Projects Fund					-	-	(187,157)	-	-	-	(1,560,501)	187,157
Debt Service Fund:												
Debt Service Aid - State Support	14-495-034-5120-075	584,489	07/01/13	06/30/14	-	584,489	(584,489)	-	-	-	-	584,489
Total Debt Service Fund					-	584,489	(584,489)	-	-	-	-	584,489
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program - State Share, Carryover	13-100-010-3350-023	9,900	07/01/12	06/30/13	(1,340)	1,340	-	-	-	-	-	-
National School Lunch Program - State Share	14-100-010-3350-023	9,775	07/01/13	06/30/14	-	7,244	(9,775)	-	(2,531)	-	-	9,775
Total Enterprise Fund					(1,340)	8,584	(9,775)	-	(2,531)	-	-	9,775
Total State Financial Assistance					(3,705,906)	23,517,569	(23,484,973)	-	(2,012,539)	457	(3,034,572)	23,484,973
Less: On-Behalf Pension and Annuity Aid					-	3,405,654	(3,405,654)	-	-	-	-	3,405,654
Total For State Financial Assistance Determination					$ (3,705,906)	$ 20,111,915	$ (20,079,319)	$ -	$ (2,012,539)	$ 457	$ (3,034,572)	$ 20,079,319

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 OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey's OMB Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." 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 BASIC 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 BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $(891.00) for the general fund and $123,315.00 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 2014 fiscal year was $3,405,654.00.

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

	Federal	State	Total
General Fund	$ 52,684	$22,696,866	$22,749,550
Special Revenue Fund	1,447,488	6,536	1,454,024
Capital Projects Fund	-	187,157	187,157
Debt Service	-	584,489	584,489
Food Service Fund	355,815	9,775	365,590
Total Awards and Financial Assistance	$1,855,987	$23,484,823	$25,340,810

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 Food Donation Program represent current year value received and current year distributions respectively.

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, 2014.

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.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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? X yes _____ none reported

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

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

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
	I.D.E.A. CLUSTER:
84.027	I.D.E.A. - Part B - Basic
84.173	I.D.E.A. - Part B - Preschool
84.010	Title I Part A – Improving Basic Programs

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? X yes _____ no

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: $602,380

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 04-04? ____ yes X no

Identification of major state programs:

State Grant/ Project Number(s)	Name of State Program
	State Aid Public Cluster:
14-495-034-5120-078	Equalization Aid
14-495-034-5120-089	Categorical Special Education Aid
14-495-034-5120-084	Categorical Security Aid
14-495-034-5120-014	Transportation Aid

Section II - Financial Statement Findings

None

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

The following are findings of the New Jersey Department of Education in a report dated June 10, 2014.

"New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Mount Olive Township Board of Education**. The funding sources reviewed include titled programs for the Elementary and Secondary Education Act (ESEA) and the Individuals and Disabilities Education Act (IDEA). The review covered the period July 1, 2012 through January 1, 2014."

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-01

Information on Federal Program

U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:

ESEA §1120A(b): Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds).

Condition:

The District's use of Title I funds for tuition for the K Excel program provided by a third-party provider to Title I and non-Title I students supplanted state and local funds. The K Excel program does not provide Title I students with instructional interventions and strategies above and beyond those non-Title I students are receiving.

Questioned Costs:

$65,000, however, adjustment was made prior to year end.

Context:

Relates to Title I grant.

Effect:

Incorrect charges to the Title I grant.

Cause:

Not reviewing grant requirements.

Recommendation:

The District must reverse the Title I K Excel Program tuition costs and allocate state/local funds for the tuition for the K Excel Program. The District must provide evidence of the adjusting journal entry to the NJDOE for review.

Management Response:

The District will reverse the Title I K Excel Program tuition costs and allocate state/local funds for the tuition for the K Excel Program. The District will provide evidence of the adjusting journal entry to the NJDOE for review.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-02

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:
ESEA §1115(c): Targeted Assistance Programs (Components of a Targeted Assistance Program).

Condition:
The District's Title I program is not supplemental to its state/locally funded elementary Basic Skill Instruction (BSI) program. The District provided the same services for students attending non-Title I elementary schools and students attending Title I elementary schools. As required by Legislation, Title I students must receive academic services that are above and beyond the academic services provided in non-Title I schools.

Questioned Costs:
N/A

Context:
Relates to Title I grant.

Effect:
Title I students are not receiving academic services above and beyond the academic services provided to non-Title I students.

Cause:
Not fully understanding the grant requirements.

Recommendation:
The District can conduct the BSI program in its elementary schools using state/local funds. To avoid violating the "supplement not supplant" provision of the Title I legislation, the District must provide the state/locally funded BSI program to students in its Title I schools and Title I funded services that supplement the BSI program. The District must provide a copy of its revised Title I program in narrative form to the NJDOE for review.

Management Response:
Amendment to 2013-2014 NCLB grant written and approved moving all Title I funding to the Mount Olive Middle School BSI program eliminating any possible supplant issued.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-03

Information on Federal Program

U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:

ESEA §1120A(b): Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds).

Condition:

The District's use of Title I funds to pay for the salaries and benefits of two BSI teachers and associated instructional supplies at Tinc Road and Chester M. Stephens Elementary Schools supplanted state/local funds.

Questioned Costs:

$135,565.20, however, adjustments were made prior to year-end.

Context:

Relates to Title I grant.

Effect:

Incorrect charges to the Title I grant.

Cause:

Not reviewing grant requirements.

Recommendation:

The District must reverse the Title I costs for the salaries and benefits for the two BSI teachers and associated instructional supplies at Tinc Road and Chester M. Stephens Elementary Schools and allocate state/local funds for those costs. The District must provide evidence of the adjusting journal entry to the NJDOE for review.

Management Response:

The District will reverse the Title I costs of the salaries and benefits for the two BSI teachers and associated instructional supplies at Tinc Road and Chester M. Stephens Elementary Schools and allocate state/local funds for those costs. The District will provide evidence of the adjusting journal entry to the NJDOE for review.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-04

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:
ESEA §1115: Targeted Assistance Program; ESEA §1118(c): Parental Involvement (Policy Involvement).

Condition:

The Title I participation letter informing the Title I parents of the Title I program did not clearly state the specific multiple measures used as entrance and exit criteria for the program. Without this information, parents are unable to understand the reasons for their child being selected to participate in the Title I program, and what is needed for their child to exit the program.

Questioned Costs:
N/A

Context:
Relates to Title I grant.

Effect:
Unclear understanding of the program by the parents of the students.

Cause:
Not understanding grant requirements.

Recommendation:
In its Title I participation letter, the District must include the multiple measures including both entrance and exit criteria used to identify the students. The District must provide a copy of its revised FR 2014-2015 Title I participation letter to the NJDOE for review.

Management Response:
The NCLB Project Director will revise the participation letter to make entrance and exit criteria clear.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-05

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:
ESEA §1115: Targeted Assistance Schools.

Condition:
The District did not provide evidence that multiple educationally related, objective criteria were consistently applied to determine which students were eligible to receive Title I services. The monitors were unable to verify if the District is actually serving its lowest performing students and that all students receiving services actually met the eligibility criteria.

Questioned Costs:
N/A

Context:
Relates to Title I grant.

Effect:
No verification could be established.

Cause:
Not maintaining proper records.

Recommendation:
The District must establish a tracking mechanism for proper Title I student identification that is aligned to the multiple educationally, objective criteria. This mechanism must include documentation of which criteria were applied and how the student either met or did not meet the established criteria.

Management Response:
The District currently uses multiple methods for determining entrance and exit criteria for students including and not limited to NJASK scores, entrance assessments, classwork, and teacher recommendations. Examples of this documentation will be forwarded with completed report for further review.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-06

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:
ESEA §1118(a)(2): Parental Involvement (Written Policy). ESEA §1118 Parental Involvement; ESEA §1118(b): Parental Involvement (School Parental Involvement Policy).

Condition:
The District did not have a parental involvement program that reflected the requirements of Title I legislation. There is no evidence that the Districts' parental involvement policy was reviewed and board adopted since February 2013 and no evidence of school-level parental involvement policies. No evidence was provided that the District's parental involvement policy was developed in conjunction with parents. The annual review and current board adoption allows parents/guardian to impact the parental involvement process and identify the unique needs of the Title I schools and parents of Title I students.

Questioned Costs:
N/A

Context:
Relates to Title I grant.

Effect:
Unable to provide a current board parental involvement policy.

Cause:
Not reviewing grant requirements.

Recommendation:
The District must have a written district parental involvement policy evaluated annually with the current board adoption along with school-level parental involvement policies. For FY 2014-2015, Title I parents and associated stakeholders must be included in the development process of both the District and the school-level parental involvement policies. Copies of a recent board approved district parental involvement policy and school-level parental involvement policies must be submitted to the NJDOE for review. Evidence of the annual review must be documented with meeting agenda, sign in sheets and minutes and should be indicated at the bottom of the document.

Management Response:
The District will have a written district parental involvement policy evaluated annually with current board adoption policy along with Middle School parental involvement policy.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-07

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:
ESEA §1118: Parental Involvement.

Condition:
For FY 2013-2014, the District did not provide evidence that the school-parent compact was developed in conjunction with Title I parents. The absence of parent participation in developing these required documents excludes parents from more active participation in their child's educational program.

Questioned Costs:
N/A

Context:
Relates to Title I grant.

Effect:
Excludes parents from actively participating in the student's educational program.

Cause:
Not reviewing grant requirements.

Recommendation:
The District must develop a school-parent compact in conjunction with parents and the associated stakeholder groups in the development process for FY 2014-2015. For FY 2014-2015, the District must provide evidence to NJDOE that Title I parents/guardians are included in the development process.

Management Response:
The District will re-evaluate its current school-parent compact and provide evidence of parental involvement.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-08

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:
ESEA §1118(c): Parental Involvement (Policy Involvement).

Condition:
For FY 2013-2014, the District did not provide evidence of convening an annual Title I parent meeting that met with the legislative requirements. Not conducting an annual meeting to explain the Title I legislation and the District's Title I programs in the beginning of the year does not allow parents of identified Title I students to be informed and vested in the Title I process from the start.

Questioned Costs:
N/A

Context:
Relates to Title I grant.

Effect:
Parents may not be knowledgeable regarding the Title I program and its process.

Cause:
Not reviewing grant requirements.

Recommendation:
The District must convene its FY 2014-2015 annual Title I meeting for the parents/guardians of its identified Title I students no later than mid-October. The District must provide documentation of the meeting (e.g. invitational letter/flyer, agenda, meeting minutes, and sign in sheets) to the NJDOE for review.

Management Response:
The District will hold an annual Title I parent meeting and provide evidence in the form of announcement and sign in that meets the legislative requirements.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-09

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:
ESEA §1111(h)(2)(E): Public Dissemination.

Condition:
The District's web page did not include Title I information such as the school-level parental involvement policies and a current version of the District parental involvement policy.

Questioned Costs:
N/A

Context:
Relates to Title I grant.

Effect:
Lack of information to parents and students.

Cause:
Not reviewing grant requirements.

Recommendation:
The District must update the website to reflect current versions of the District and school-level parent involvement policies.

Management Response:
The District will add all appropriate Title I information (some as it is re-evaluated) from individual schools and add them to the District page.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-10

Information on Federal Program

U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:

ESEA §1120: Participation of Children Enrolled in Private School.

Condition:

Because the District did not contact nonpublic schools outside the District's attendance area that enroll resident students, the District reports zero nonpublic enrollment and low-income counts on the FY 20213-2014 ESEA Consolidated Application in Step One of the Title eligibility tab. The District's submission of zero nonpublic enrollment and low-income counts prevented the generation of an equitable participation share of funding for eligible resident nonpublic school students.

Questioned Costs:

N/A

Context:

Relates to Title I grant.

Effect:

Eligible nonpublic school students unable to participate in the Title I program.

Cause:

Not reviewing grant requirements.

Recommendation:

For FY 2014-2015, the District must contact nonpublic schools within a 50 mile radius of the District no later than June 2014 to obtain enrollment and low-income data. The District must contact the nonpublic schools that enroll Mount Olive resident students to inform the schools of their opportunity to participate in the District's Title I program for the upcoming school year. After contacting nonpublic schools that enroll resident students, the District must then begin the consultation process with the nonpublic schools to identify eligible students and develop a service delivery plan. The District must send documentation of the consultation process (e.g. invitational letters, agendas, meeting notes, sign in sheets) to NJDOE for review.

Management Response:

Mount Olive did in fact contact nonpublic schools outside the Districts attendance area that enrolls resident students. The zero in the enrollment counts section of the Application reflected the number of positive respondents to the request. That error was corrected and the new application (2014-15) reflects the current zero count correctly. Documentation for last year's enrollment efforts as well as this years are attached. Both again produced zero respondents.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-11

Information on Federal Program

U.S. Department of Education passed-through State Department of Education:
84.367 – Title IIA – Teacher and Principal Training and Recruiting – 7/1/2012-1/31/2014

Criteria or specific requirement:

OMB Circular A-87, Attachment B, Section 8(H) Cost Principles for State, Local and Indian Tribal Governments (Compensation for personal services).

Condition:

The District did not have adequate supporting documents as required by federal law to verify the activity of the Literacy Supervisor partially funded with Title II funds. The documentation provided did not clearly reflect that 55% of the position is dedicated to allowable grant funded activities. Time and Activity Reports for partially grant funded staff must delineate grant funded activities that are consistent with the percentage of the salary supported with grant funds.

Questioned Costs:

N/A

Context:

Relates to payroll charges.

Effect:

Possible incorrect charges to the grant.

Cause:

Insufficient backup on payroll charges.

Recommendation:

The District must revise the Time and Activity Report of the Literacy Supervisor to specify the position's responsibilities that are supported with Title II funds. The district must submit appropriate time sheets to date to the NJDOE for review.

Management Response:

The District will revise the Time and Activity Report of the Literacy Supervisor to specify the position's responsibilities that are supported with Title II funds. The revised time sheets will be submitted.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-12

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.367 – Title IIA – Teacher and Principal Training and Recruiting – 7/1/2012-1/31/2014

Criteria or specific requirement:
ESEA §2123: Supplement not Supplant.

Condition:
For FY 2012-2013, documents reviewed at the time of the consolidated monitoring verified that the district used Title II funding to compensate Strong and Associates $1,200 for consultant services rendered for district-wide, in-service training to teachers, administrators, and non-instruction staff. Further interviews with District officials verified that the district-wide, in-service training sessions were in accordance with teachers and administrators contractual agreements with the District. Therefore, the use of Title II funds for these sessions supplanted state/local funding.

Questioned Costs:
$1,200.00.

Context:
Relates to all Titles.

Effect:
Improper charge to Title II grant.

Cause:
Possible insufficient knowledge on what can be charged to grant or incorrect invoice coding.

Recommendation:
The District must reverse the charges for these unallowable expenditures and allocate state/local funds, rather than Title II funds, to support these expenditures. The District must submit documentation of the adjusting journal entry to the NJDOE for review.

Management Response:
In the future, Title II funds will not be used for district-wide, in-service training programs.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-13

Information on Federal Program

U.S. Department of Education passed-through State Department of Education:
84.027/84.173 – I.D.E.A. Part B – Basic/Preschool – 7/1/2012-1/31/2014

Criteria or specific requirement:

EDGAR, Part 80 – Uniform Administrative Requirement for Grants and Cooperative Agreements to State and Local Governments, Section 20, Standards for Financial Management Systems.

Condition:

In both the 2012-2013 and 2013-2014 grant years, the District did not enter into contracts with independent consultants and agencies that provide services directly to students.

Questioned Costs:

N/A

Context:

Relates to all Tiles.

Effect:

Possible overcharge to grant.

Cause:

Not reviewing/or understanding grant requirements.

Recommendation:

The District must enter into a contract with all agencies or consultants where services are being provided to students. Contracts must include a per-service or hourly rate and a not to exceed amount. In addition, the contracts must be approved by board resolution.

Management Response:

The District will enter into a contract with independent consultants and agencies that provide services directly to students.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-14

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.027/84.173 – I.D.E.A. Part B – Basic/Preschool – 7/1/2012-1/31/2014

Criteria or specific requirement:
N.J.A.C. 6A:14-2.3(k)3,5; 20 U.S.C. §1414(b)(1); and 34 CFR §300.304(a).

Condition:
The District's did not consistently provide parents of students referred and/or eligible for special education and related services and speech-language services notice of a meeting for identification, eligibility, revaluation planning and IEP team meetings.

Questioned Costs:
N/A

Context:
Relates to I.D.E.A. grant.

Effect:
Parents did not receive proper notification.

Cause:
Cannot be determined.

Recommendation:
The District must provide parents notice of a meeting in writing early enough to ensure they have an opportunity to attend. In order to demonstrate correction of noncompliance, the District must conduct training for child study team members and speech-language specialists and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff, review documentation of the provision of notice of a meeting for meetings conducted between September 2014 and November 2014, and to review the oversight procedures.

Management Response:
The District must ensure a meeting is conducted within 20 calendar days of a written request for evaluation to determine if an evaluation is warranted.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-15

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.027/84.173 – I.D.E.A. Part B – Basic/Preschool – 7/1/2012-1/31/2014

Criteria or specific requirement:
N.J.A.C. 6A:14-3.3(e)

Condition:
The District's did not conduct meetings within a 20 calendar days of receipt of a written request for evaluation for students referred for speech-language services.

Questioned Costs:
N/A

Context:
I.D.E.A. Grant compliance requirements.

Effect:
Not placing a child in the program within a reasonable period of time.

Cause:
Cannot be determined.

Recommendation:
The District must ensure a meeting is conducted within 20 calendar days of receipt of a written request for evaluation to determine if an evaluation is warranted. In order to demonstrate correction of noncompliance, the District must conduct training for speech-language specialists and develop an oversight mechanism to ensure compliance with the citation listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff, review documentation of identification meetings conducted between September 2014 and November 2014, and to review the oversight procedures.

Management Response:
The District must ensure a meeting is conducted within 20 calendar days of a written request for evaluation to determine if an evaluation is warranted.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-16

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.027/84.173 – I.D.E.A. Part B – Basic/Preschool – 7/1/2012-1/31/2014

Criteria or specific requirement:
N.J.A.C. 6A:14-2.3(k)1(i-vii), 2(i-x); 3.3(e); 20 U.S.C. §1414(d)(1)(B); and 34 CFR §300.321(a).

Condition:
The District's did not consistently convene meetings with required participants for students referred and/or eligible for special education and related services and for students referred and/or eligible to speech-language services.

Questioned Costs:
N/A

Context:
I.D.E.A. Grant compliance requirements.

Effect:
Insufficient information between participants and insufficient documentation in student files.

Cause:
Cannot be determined.

Recommendation:
The District must ensure all meeting are conducted with required participants and documentation of participation is maintained in student's records. In order to demonstrate correction of noncompliance, the District must conduct training for child study team members and speech-language specialists and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff, review documentation, including the sign in sheets for meetings conducted between September 2014 and November 2014, and to review the oversight procedures.

Management Response:
The District must ensure all meetings are conducted with required participants and documentation of participation is maintained in records.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-17

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.027/84.173 – I.D.E.A. Part B – Basic/Preschool – 7/1/2012-1/31/2014

Criteria or specific requirement:
N.J.A.C. 6A:14-2.2(a)8(i), (ii) and (iii).

Condition:
The District did not consistently document in the IEPs of the students removed from the general education setting for more than 20 percent of the school day, including students placed in separate settings, consideration of placement in the least restrictive environment. Specifically, IEPs did not consistently include:

- The supplementary aids and services considered;
- An explanation of why the supplementary aids and services were rejected; and
- The potentially beneficial or harmful effects which a placement in general education may have on the students with disabilities or other students in the class.

Questioned Costs:
N/A

Context:
I.D.E.A. Grant compliance requirements.

Effect:
Incorrect placement of students.

Cause:
Cannot be determined.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-17 (continued)

Recommendation:

The District must ensure when determining the educational placement of a child with a disability, the IEP team considers the general education class first and all required decisions regarding the placement are documented in the IEP for each student removed from general education for more than 20 percent of the school day. In order to demonstrate correction of noncompliance, the District must conduct training for child study team members regarding the District's procedures and develop an oversight mechanism to ensure compliance with the requirements in the citations listed above. To demonstrate that the District has corrected the individual instances of noncompliance, the District must conduct annual review meetings and revise the IEPs for specific students with IEPs that were identified as noncompliant. A monitor from the NJDOE will conduct an on-site visit to interview staff, review the revised IEPs, a random sample of additional IEPs developed at meetings conducted between September 2014 and November 2014, and to review the oversight procedures. The names of the students whose IEPs were identified as noncompliant will be provided to the District by the monitor.

Management Response:

The District must ensure when determining the educational placement of a child with a disability, the IEP team considers the general education class first and all required decisions regarding the placement are documented in the IEP for each student removed from general education for more than 20 percent of the school day.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-18

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.027/84.173 – I.D.E.A. Part B – Basic/Preschool – 7/1/2012-1/31/2014

Criteria or specific requirement:
N.J.A.C. 6A:14-2.3(k)2(x), 3.7(e)13; 20 U.S.C. §1414(d)(1)(A)(i)(1)(VIII); and 34 CFR §300.322.b(2).

Condition:
The District did not consistently provide to students beginning at age 14, written invitations to meeting where post-school transition was being discussed.

Questioned Costs:
N/A

Context:
I.D.E.A. Grant compliance requirements.

Effect:
Insufficient information to student over age 14.

Cause:
Cannot be determined.

Recommendation:
The District must ensure each student with an IEP age 14 or above is provided a written invitation to any IEP meeting where transition to adult life will be discussed. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff and review copies of invitations to students for IEP meetings where transition was being discussed between September 2014 and November 2014, and to review the oversight procedures.

Management Response:
The District must ensure each student with an IEP age of 14 or above is provided with a written invitation to any IEP meeting where transition to adult life is discussed

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-19

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:
N.J.A.C. 6A:14-4.11(b)4, U.S.C. §1414C; and 34 CFR §300.305(e)(3).

Condition:
The District's did not consistently provide to students eligible for special education and related services a summary of academic achievement and functional performance, containing all required components, prior to graduating and/or exiting.

Questioned Costs:
N/A

Context:
I.D.E.A. Grant compliance requirements.

Effect:
Insufficient information to students.

Cause:
Lack of understanding/knowledge of compliance requirements.

Recommendation:
The District must ensure students are provided with a summary of academic achievement and functional performance prior to graduation that addresses all required components. In order to demonstrate correction of noncompliance, the District must conduct training for child study team members and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff and review summary of academic achievement and functional performance provided to students at the conclusion of the 2014-2015 school year, and to review the oversight procedures.

Management Response:
The District must ensure students are provided with a summary of academic achievement and functional performance prior to graduation that addresses all required components.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

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

Finding 2014-20

Information on Federal Program
U.S. Department of Education passed-through State Department of Education:
84.010A – Title I – NCLB 5650 – 7/1/2012-1/31/2014

Criteria or specific requirement:
34 CFR §300.160.

Condition:
The District does not have a policy for the provision of an alternate assessment, when appropriate for students with disabilities participating in district-wide assessments.

Questioned Costs:
N/A

Context:
All students with disabilities.

Effect:
Incorrect placement of children because of an alternative assessment.

Cause:
Lack of knowledge of compliance requirements.

Recommendation:
The District must revise policies and procedures to ensure students with disabilities participate in district-wide assessments or an appropriate alternative. The policy must include the provision of alternate assessments for those children who cannot participate in the regular assessment. If the District reports publicly on the district-wide assessment, the District must also report with the same frequency and in the same detail as it reports on the assessment of nondisabled children. In order to demonstrate correction of noncompliance, the District must conduct training for child study team members regarding the procedures for implementing the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to review the policy.

Management Response:
The District must revise policies and procedures to ensure students with disabilities to participate in district-wide assessment or an appropriate alternate.

TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Status of Prior Year Findings

There were no prior year audit findings.