

MULLICA TOWNSHIP SCHOOL DISTRICT

Mullica, New Jersey
County of Atlantic

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MULLICA TOWNSHIP SCHOOL DISTRICT

MULLICA, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by

**Mullica Board of Education
Finance Department**

This page intentionally left blank

OUTLINE OF CAFR

	PAGE	
INTRODUCTORY SECTION		
Letter of Transmittal	1	
Organizational Chart	5	
Roster of Officials	7	
Consultants and Advisors	9	
FINANCIAL SECTION		
Independent Auditors' Report	13	
REQUIRED SUPPLEMENTARY INFORMATION - PART I		
Management's Discussion & Analysis	19	
BASIC FINANCIAL STATEMENTS		
A. Government-Wide Financial Statements:		
A-1 Statement of Net Position	31	
A-2 Statement of Activities	32	
B. Fund Financial Statements:		
Governmental Funds:		
B-1 Balance Sheet	37	
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	38	
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	39	
Proprietary Funds:		
B-4 Statement of Net Position	43	
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	44	
B-6 Statement of Cash Flows	45	
Fiduciary Funds:		
B-7 Statement of Fiduciary Net Position	49	
B-8 Statement of Changes in Fiduciary Net Position	50	
Notes to Financial Statements	53	
REQUIRED SUPPLEMENTARY INFORMATION - PART II		
C. Budgetary Comparison Schedules:		
C-1 Budgetary Comparison Schedule - General Fund	89	
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A	
C-1b Community Development Block Grants - Budget & Actual	N/A	
C-2 Budgetary Comparison Schedule - Special Revenue Fund	97	
Notes to the Required Supplementary Information:		
C-3 Budget-to-GAAP Reconciliation	101	
REQUIRED SUPPLEMENTARY INFORMATION - PART III		
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability Public Employees' Retirement System		105
L-2 Schedule of District Contributions - Public Employees' Retirement System	106	
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability Teachers' Pension and Annuity Fund	107	
Notes to the Required Supplementary Information	111	
D. School Based Budget Schedules Fund:		
D-1 Combining Balance Sheet	N/A	

OUTLINE OF CAFR (Continued)

	PAGE
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget & Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	119
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	120
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	123
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	124
F-2a Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - Fire Alarm System Replacement	125
G. Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Funds:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	133
H-2 Combining Statement of Changes in Fiduciary Net Position	134
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	135
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	136
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	139
I-2 Schedule of Obligations Under Capital Leases	140
I-3 Debt Service Fund Budgetary Comparison Schedule	141
I-4 Schedule of Compensated Absences	N/A

OUTLINE OF CAFR (Continued)
STATISTICAL SECTION (unaudited)

	PAGE
Financial Trends:	
J-1 Net Position by Component	147
J-2 Changes in Net Position	148
J-3 Fund Balances - Governmental Funds	150
J-4 Changes in Fund Balance - Governmental Funds	151
J-5 Other Local Revenue by Source - General Fund	152
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	155
J-7 Direct & Overlapping Property Tax Rates	156
J-8 Principal Property Taxpayers	157
J-9 Property Tax Levies & Collections	158
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	161
J-11 Ratios of General Bonded Debt Outstanding	162
J-12 Direct & Overlapping Governmental Activities Debt	163
J-13 Legal Debt Margin Information	164
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	167
J-15 Principal Employers	168
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	171
J-17 Operating Statistics	172
J-18 School Building Information	173
J-19 Schedule of Required Maintenance	174
J-20 Insurance Schedule	175

SINGLE AUDIT SECTION

K-1 Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	179
K-2 Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04 and/or 15-08	181
K-3 Schedule of Expenditures of Federal Awards, Schedule A	185
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	186
K-5 Notes to Schedules of Awards and Financial Assistance	187
K-6 Schedule of Findings & Questioned Costs	189
K-7 Summary Schedule of Prior Audit Findings	192

This page intentionally left blank

INTRODUCTORY SECTION

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT

P. O. BOX 318; 500 ELWOOD ROAD • ELWOOD, NJ • 08217 • PHONE 609-561-3868 EXT. 120 • FAX 609-561-7133

Mr. Andrew Weber
Superintendent

Ms. Karen Gfroehrer
Business Administrator

Mrs. Donna Leshner
Supervisor of Curriculum & Instruction



Mrs. Tracey Domena
Supervisor of Special Education

Mr. Matthew Mazzoni
Principal

Mr. Thomas McLaughlin
Vice-Principal

November 17, 2016

Honorable President and
Members of the Board of Education
Mullica Township School District
500 Elwood Road
PO Box 318
Elwood, New Jersey 08217

Dear Board Members:

The comprehensive annual financial report of the Mullica Township School District for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations", and the State Treasury Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** Mullica Township School District is an independent 4^{yr old} – 8th grade District in Atlantic County, New Jersey reporting within the criteria adopted in GASB Statement 14, as amended by GASB Statements 39 and 61. All fund and account groups in the District are included in this report. The Mullica Township Board of Education and all its Schools constitute the District reporting entity.

The District provides a full range of educational services appropriate to students from four years old through grade 8. These include regular, vocational, and special education programs for students of varying interests and special needs. The programs have been developed and articulated in the Schools to respond to federal, state, and local goals. The local goals come from Vision 2020, a public forum process conducted at the School level, and from the Educational Improvement Plans,

developed at both the District and School site each year. District goals are in conformance with the state and national programs enjoyed in the Goals 2000 initiative. The District completed the 2015-2016 Fiscal Year with an average daily enrollment of 738. The table below provides the last ten years of enrollment information along with changes on an annual basis.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage of Change</u>	
2015-2016	738	(0.79)%	(Decrease)
2014-2015	764	10.03%	Increase
2013-2014	695	(7.21)%	(Decrease)
2012-2013	749	5.49%	Increase
2011-2012	710	(0.28)%	Increase
2010-2011	712	0.00%	(Decrease)
2009-2010	712	0.00%	(Decrease)
2008-2009	712	(0.79)%	(Decrease)
2007-2008	718	(2.71)%	(Decrease)
2006-2007	738	(6.46)%	(Decrease)

- 2) **ECONOMIC CONDITIONS AND OUTLOOK:** Mullica Township is experiencing a period of stagnant development, which is in part due to the economy. The total student enrollment has remained stable over the last ten years. Obviously there have been fluctuations, but the long range view is one of stability.

- 3) **MAJOR INITIATIVES:** Mullica Township Schools are involved in several long-term efforts to upgrade both the facilities and programs at all levels. They include, but are not limited to: Approval of a bond referendum to repair the roof; door replacement to comply with ADA requirements; and repair of the sewer system. The District continues to purchase chrome books as we move toward a one-to-one initiative in the middle school. Infrastructure to support the initiative is on-going, e.g., purchase of access points. The kindergarten teachers entered the NJKEA initiative and are assessing student progress with Teaching Strategies Gold. The Grades 3-8 science teachers received four professional development days to implement the Next Generation Science Standards and prepare for the roll out of the STEMscopes science curriculum. Teachers in Grades Kindergarten through Grade 2 received professional development on early math skills and concepts that facilitate PARCC readiness. The District provided training for the teachers and subsequently implemented Positive Behavioral Interventions and Supports (PBIS) for all students.

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

- 5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.
- 6) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statement," Note 1.
- 7) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** 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 summary of the general, special revenue and debt service fund revenues for the fiscal year ended June 30, 2016, and the amount and percentage of increases in relation to prior year revenues.

	<u>Revenue</u>	<u>Percent Of Total</u>	<u>Increase/ (Decrease) From 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Local sources:				
District Taxes	\$ 3,887,596	31.15%	68,599	1.80%
Miscellaneous	612,198	4.90%	(82,631)	18.71%
State sources	7,050,318	56.48%	123,883	1.77%
Federal sources	932,301	7.47%	(2,066)	(0.31)%
Total	<u>\$ 12,482,413</u>	<u>100.00%</u>	<u>107,785</u>	

The decrease in Miscellaneous Local Sources can be attributed to a decrease in tuition revenue received from other districts in the current year.

	<u>Expenditures</u>	<u>Percent Of Total</u>	<u>Increase/ (Decrease) From 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Current expenditures:				
Instruction	\$ 5,221,070	41.63%	(93,026)	(1.84)%
Undistributed	7,055,926	56.26%	315,911	5.37%
Capital Outlay	264,223	2.11%	78,438	87.44%
Total	<u>\$ 12,541,219</u>	<u>100.00%</u>	<u>301,323</u>	

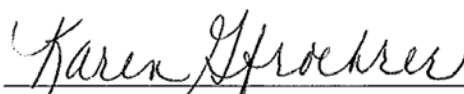
The increase in Undistributed expenditures is attributable to the increase in the district's on-behalf of contribution to TPAF.

- 8) **DEBT ADMINISTRATION:** As of June 30, 2016, the District's outstanding debt consisted of \$1,940,000 in Serial Bonds, \$12,924 in unamortized premium on bonds, \$215,494 for Compensated absences and \$3,241,640 in Net Pension Liability.
- 9) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statement," Note 2. 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.
- 10) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
- 11) **OTHER INFORMATION:** Independent Audit -- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board. The auditor's report on the basic financial statements, combining and individual fund statements and schedules is included in the financial section of this report.
- 12) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Mullica 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,



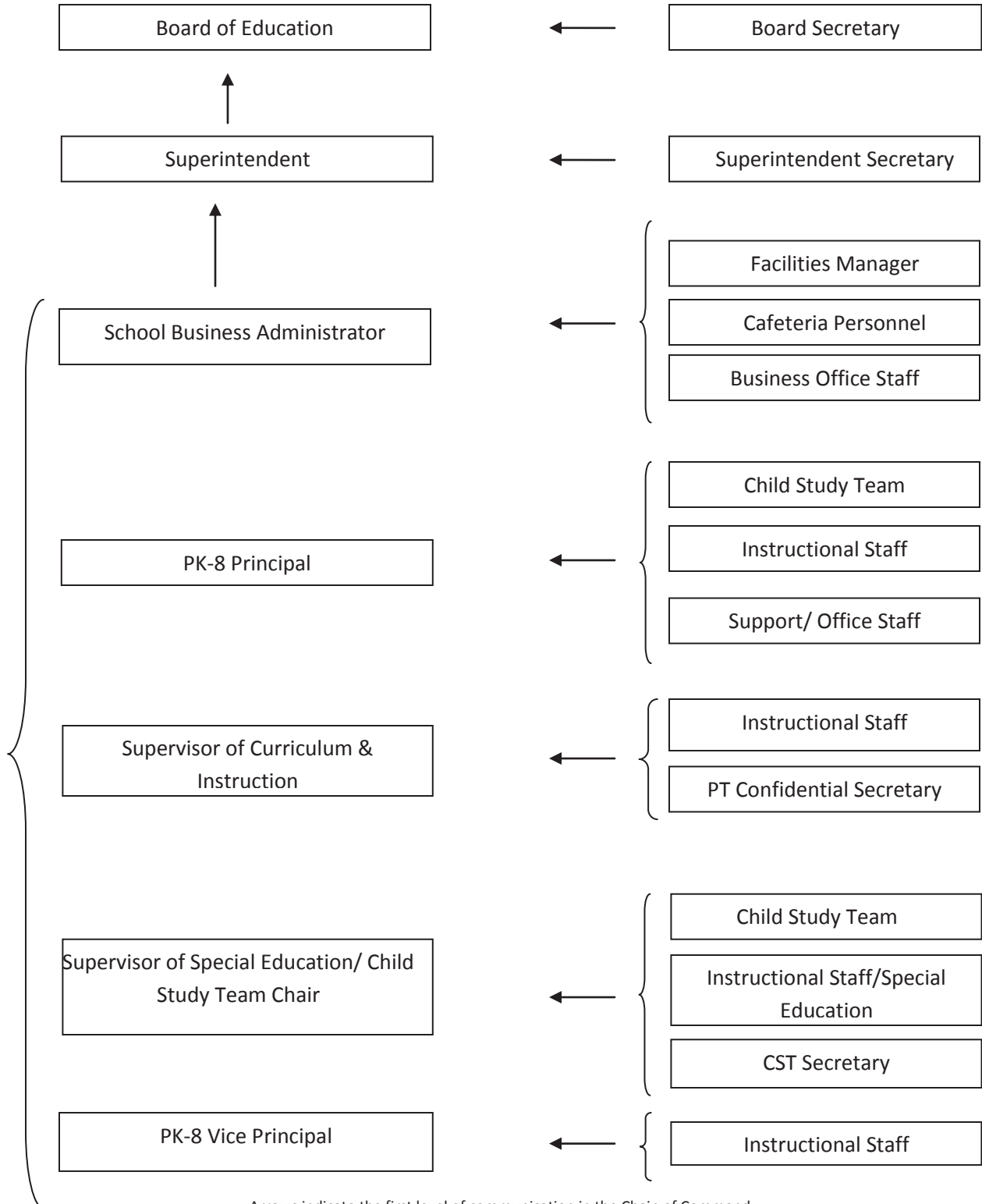
Dr. Thomas Baruffi
Interim Superintendent



Karen Gfroehrer
Business Administrator/Board Secretary

Mullica Township School District Organizational Chart

(Chain of Command)



Arrows indicate the first level of communication in the Chain of Command.

Administration evaluates staff based on Chain of Command.

Facilities, Cafeteria, Technology & BSI report building level incidents to the appropriate supervisor based on the circumstance.

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT
Mullica, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Mia C. Jones, President	2016
Joy Wyld, Vice President	2018
Susan Brownhill	2016
Erika Lower	2017
Walter Lyons	2018
Sue Muessig	2017
Nick Roehnert	2017
Bob Stollenwerk	2016
Catherine Werner	2018

OTHER OFFICIALS

- Dr. Thomas Baruffi, Interim Superintendent of Schools
- Karen Gfroehrer, Business Administrator/Board Secretary
- Dawn M. Stollenwerk, Treasurer of School Monies
- Amy L. Houck Elco, Esq., Cooper Levenson, Board Attorney

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT
Mullica, New Jersey

CONSULTANTS AND ADVISORS

JUNE 30, 2016

ARCHITECT OF RECORD

John Veisz
Faridy Veisz Fraytak, P.C.
1515 Lower Ferry Road
PO Box 7371
Trenton, New Jersey 08268

AUDITOR/AUDIT FIRM

Robert W. Allison, CPA, RMA
Holman Frenia Allison, P. C.
912 Highway 33, Suite 2
Freehold, New Jersey 07728

ATTORNEY

Amy L. Houck Elco, Esq.
Cooper Levenson, P.A.
1125 Atlantic Avenue
Atlantic City, New Jersey 08401

OFFICIAL DEPOSITORY

TD Bank
White Horse Pike
Hammonton, New Jersey 08037

RISK MANAGEMENT AGENT

The Barclay Group
202 Broad Street
Riverton, New Jersey 08077

This page intentionally left blank

FINANCIAL SECTION

This page intentionally left blank



INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Mullica Township School District
County of Atlantic
Elwood, New Jersey 08217

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 Mullica Township School District, County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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, the business-type activities, each major fund and the aggregate remaining fund information of the Mullica Township School District, County of Atlantic, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions, as listed 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mullica Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance 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 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 accompanying

combining statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016 on our consideration of the Mullica Township School District'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 Mullica Township School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 17, 2016

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

This page intentionally left blank

**MULLICA TOWNSHIP PUBLIC SCHOOL DISTRICT
500 Elwood Road, Elwood, NJ 08217**

ATLANTIC COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)**

Introduction

Management's discussion and analysis of the Mullica Township School District's ("District") financial results that follows will provide financial statement readers with some insight into this philosophy and its impact on the educational changes taking place within the District as well as providing some understanding of the fiscal activities undertaken by the Board's administrative team to effect this change.

Basic Financial Statements

The annual report consists of a series of financial statements and notes to those statements presented so the reader can gain an understanding of the District as a financial operating entity. The overview statements then proceed to provide an increasingly detailed look at specific financial activities. These statements provide a "report card" of sorts on the District's financial transactions, including data on all assets and liabilities using full accrual accounting in a manner similar to information presented by publicly held companies. All of these activities are intended to advance the District's mission as stated at the beginning of this analysis.

The financial statements previously presented in the District's Comprehensive Annual Financial Report remain unchanged: detailed and comparative exhibits of budgeted and actual revenue and expenses by General, Special Revenue, Proprietary and Debt Service Funds. This disclosure has been expanded by the addition of the Statement of Net Position and the Statement of Activities using full accrual accounting similar to the statements used in reporting corporate financial results. Another new feature will be supplementary information that includes a comparison of the original and final budgets to the final expenditures for the General and Special Revenue Funds.

The Statement of Net Position presents the District's assets and liabilities in order of liquidity, except for liabilities with current and long-term elements that will be presented accordingly. Net position represents the difference between assets and liabilities, and will be presented in three categories: invested in capital assets net of related debt, restricted assets and unrestricted assets. Using this methodology requires depreciation of capital assets.

The Statement of Activities provides an overview of the cost of providing educational services by major categories of expense and revenue. These two statements report the District's net position and how they have changed year to year, reflecting a variety of influences such as the educational philosophy (i.e. dedicated to increased test scores), voter approval of tax levy, interest income, successful grant applications, etc.

Financial Highlights

Key financial highlights for 2016 are as follows:

- For the Government-wide financials, General revenues accounted for \$9,165,659 or 66% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$4,818,166 or 34% of total revenue of \$13,983,825.
- Total net position of governmental activities decreased by \$47,042.
- The Primary Government had \$14,019,877 in expenses; only \$4,818,166 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues of \$9,165,659, together with Fund Balance, were adequate to provide for these programs.
- The General Fund had a total fund balance of \$2,575,829.

Using this General Accepted Accounting Principles Report (GAAP)

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2016 and 2015.

Table 1

Net Position

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and Cash Equivalents	\$ 2,142,508	\$ 2,268,516
Inventory	2,533	1,872
Receivables, Net	1,141,183	849,038
Capital Assets, Non-Depreciable	341,990	341,990
Capital Assets, Depreciable, Net	<u>13,709,673</u>	<u>13,961,758</u>
Total Assets	<u>17,337,887</u>	<u>17,423,174</u>
Deferred Inflow of Resources:		
Deferred Inflows Related to Pensions	<u>437,461</u>	<u>208,725</u>
Total Deferred Inflow of Resources	<u>437,461</u>	<u>208,725</u>
Total Assets and Deferred Outflow of Resources	<u>17,775,348</u>	<u>17,631,899</u>

Using this General Accepted Accounting Principles Report (GAAP) (continued):

Table 1

Net Position (continued):

	<u>2016</u>	<u>2015</u>
Liabilities:		
Current Liabilities	\$ 316,900	\$ 318,427
Noncurrent Liabilities:		
Due Within One Year	241,615	236,330
Due Beyond One Year	5,168,443	4,873,598
Total Liabilities	<u>5,726,958</u>	<u>5,428,355</u>
Deferred Inflow of Resources:		
Deferred Inflows Related to Pensions	100,697	219,799
Total Deferred Inflow of Resources	<u>100,697</u>	<u>219,799</u>
Total Liabilities Deferred Inflow of Resources	<u>5,827,655</u>	<u>5,648,154</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	12,098,739	12,114,494
Restricted for:		
Capital Projects	2,780	2,780
Debt Service	(28,089)	(31,254)
General Fund	2,616,228	2,644,175
Unrestricted	(2,741,965)	(2,746,450)
Total Net Position	<u>\$ 11,947,693</u>	<u>\$ 11,983,745</u>

Table 2 provides a comparison analysis of Government-wide changes in net position from fiscal years 2016 and 2015.

Table 2

Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 592,122	\$ 694,044
Operating Grants and Contributions	4,226,044	4,171,847
General Revenues:		
Property Taxes	3,887,596	3,818,997
Grants and Entitlements	5,026,352	5,113,967
Other	251,711	240,747
Total Revenues	<u>13,983,825</u>	<u>14,039,602</u>

Using this General Accepted Accounting Principles Report (GAAP) (continued):

Table 2

Changes in Net Position (continued):

	<u>2016</u>	<u>2015</u>
<u>Program Expenses</u>		
Instruction	\$ 5,288,107	\$ 5,377,182
Support Services:		
Pupils and Instructional Staff	1,632,436	1,251,722
General Administration, School Administration, Business Operations and Maintenance of Facilities	1,919,555	1,947,319
Pupil Transportation	459,049	443,913
Employee Benefits	3,971,124	4,008,464
Interest on Long-Term Debt	56,864	70,517
Food Service	258,268	271,866
Other	434,474	429,556
Total Expenses	<u>14,019,877</u>	<u>13,800,539</u>
Increase/(Decrease) in Net Position	<u>\$ (36,052)</u>	<u>\$ 239,063</u>

Governmental Activities

Annually, on the first Tuesday in November, the voters of New Jersey get an opportunity to voice their opinion on all things economic and/or political as they are asked to vote on their local school district's annual tax levy developed as part of the annual school budget process if the School District decides to exceed the 2% cap. Over the last two budget cycles, the School District has remained well within the 2% tax cap levy. The District remains as a minimum tax levy district. Property taxes made up 29% of revenues for governmental activities (excluding Capital Projects) for the Mullica Township School District for fiscal year 2015-16.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Governmental Activities (continued):

Table 3

Governmental Activities

	2016		2015	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 5,288,107	\$ 3,792,969	\$ 5,377,182	\$ 3,747,337
Support Services:				
Pupils and Instructional Staff	1,632,436	1,093,401	1,251,722	790,909
General Administration, School Administration, Business	964,571	964,571	939,526	939,526
Operation and Maintenance of Facilities	954,984	954,984	1,007,793	1,007,793
Pupil Transportation	459,049	227,782	443,913	212,646
Employee Benefits	3,971,124	1,687,656	4,008,464	1,778,968
Food Service	258,268	-	271,866	-
Other	491,338	491,338	500,073	471,636
Total Expenses	<u>\$ 14,019,877</u>	<u>\$ 9,212,701</u>	<u>\$ 13,800,539</u>	<u>\$ 8,948,815</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Governmental Activities (continued):

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

Other includes unallocated depreciation and amortization.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,482,413, and expenditures of \$12,541,219.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding Capital Projects) for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 4,401,306	35.26%	\$ (24,996)	-0.62%
State Sources	7,050,318	56.48%	123,883	1.77%
Federal Sources	932,301	7.47%	(2,066)	-0.31%
Miscellaneous	98,488	0.79%	10,964	11.87%
Total	\$ 12,482,413	100.00%	\$ 107,785	0.91%

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2016:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 5,221,070	41.63%	\$ (93,026)	-1.84%
Undistributed Expenditures	7,055,926	56.26%	315,911	5.37%
Capital Outlay	264,223	2.11%	78,438	87.44%
Total	\$ 12,541,219	100.00%	\$ 301,323	15.50%

General Fund Budgeting Highlights

Over the course of the year, the District revised the annual operating budget. In recognition of revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. These revisions included:

- *Staffing changes based on student needs
- * Changes in appropriations to prevent budget overruns
- * Supported additional educational technology purchases and support services

Capital Assets

At the end of the fiscal year 2016, the School District had \$14,033,468 invested in land, buildings, equipment, and machinery.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 233,181	\$ 233,181
Construction in Progress	108,809	108,809
Land Improvements	199,450	185,455
Buildings and Improvements	21,133,226	21,133,226
Machinery and Equipment	515,722	350,172
Less: Accumulated Depreciation	<u>(8,156,920)</u>	<u>(7,727,931)</u>
Total	<u>\$ 14,033,468</u>	<u>\$ 14,282,912</u>

Debt Administration

At June 30, 2016, the Mullica Township School District had \$1,940,000 in outstanding bonds, \$12,924 outstanding in unamortized premium on bonds, \$215,494 for Compensated Absences and \$3,241,640 in Net Pension Liability.

At June 30, 2016, the School District's overall legal debt margin was \$42,165,774.

Current Financial Issues and Concerns

The Mullica Township School District boasts prudent fiscal management in the implementation of cost savings measures in collaboration with consortium involvement for Government-wide supplies, transportation, and liability insurance. Continuous monitoring of district spending trends has allowed for the succeeding budget to have minimal taxpayer impact. The district has met the demands of PARCC (Partnership for the Assessment of Readiness for College and Careers) through the purchase of Chromebooks. Additionally, the district continues to support teachers with Achieve NJ and aligning to the Common Core. The district continues to work towards facilities improvements and upgrades; this year's focus was in upgrading technology infrastructure.

Contacting the School District's Financial Management Team

This financial report is designed to provide a general overview of the Mullica Township School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Mullica Township School District, PO Box 318, 500 Elwood Road, Elwood, New Jersey 08217.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

A. Government-Wide Financial Statements

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTALS</u>
Assets:			
Cash and Cash Equivalents	\$ 1,974,485	\$ 168,023	\$ 2,142,508
Inventory	-	2,533	2,533
Accounts Receivable	1,112,316	28,867	1,141,183
Internal Balances	71,912	(71,912)	-
Capital Assets, Non-Depreciable (Note 5)	341,990	-	341,990
Capital Assets, Depreciable, Net (Note 5)	13,691,478	18,195	13,709,673
Total Assets	17,192,181	145,706	17,337,887
Deferred Outflow of Resources:			
Deferred Outflows Related to Pensions	437,461	-	437,461
Total Deferred Outflow of Resources	437,461	-	437,461
Total Assets and Deferred Outflow of Resources	17,629,642	145,706	17,775,348
Liabilities:			
Accounts Payable	218,076	245	218,321
Accrued Interest	28,092	-	28,092
Unearned Revenue	70,034	453	70,487
Noncurrent Liabilities (Note 6):			
Due Within One Year	241,615	-	241,615
Due Beyond One Year	5,168,443	-	5,168,443
Total Liabilities	5,726,260	698	5,726,958
Deferred Inflow of Resources:			
Deferred Inflows Related to Pensions	100,697	-	100,697
Total Deferred Inflow of Resources	100,697	-	100,697
Total Liabilities and Deferred Inflow of Resources	5,826,957	698	5,827,655
Net Position:			
Net Investment in Capital Assets	12,080,544	18,195	12,098,739
Restricted for:			
Capital Projects	2,780	-	2,780
Debt Service Fund	(28,089)	-	(28,089)
Other Purposes	2,616,228	-	2,616,228
Unrestricted	(2,868,778)	126,813	(2,741,965)
Total Net Position	\$ 11,802,685	\$ 145,008	\$ 11,947,693

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

MULLICA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
GOVERNMENTAL ACTIVITIES							
Instruction:							
Regular	\$ 4,302,489	\$ 513,710	\$ 981,428	\$ (2,807,351)	\$ -	\$ (2,807,351)	
Special Education	841,711	-	-	(841,711)	-	(841,711)	
Other Special Instruction	81,783	-	-	(81,783)	-	(81,783)	
Other Instruction	62,124	-	-	(62,124)	-	(62,124)	
Support Services:							
Tuition	185,534	-	-	(185,534)	-	(185,534)	
Student and Instruction Related Services	1,446,902	-	539,035	(907,867)	-	(907,867)	
General Administration	304,065	-	-	(304,065)	-	(304,065)	
School Administrative Services	307,424	-	-	(307,424)	-	(307,424)	
Central Services	194,640	-	-	(194,640)	-	(194,640)	
Administrative Information Technology	158,442	-	-	(158,442)	-	(158,442)	
Plant Operations and Maintenance	954,984	-	-	(954,984)	-	(954,984)	
Pupil Transportation	459,049	-	231,267	(227,782)	-	(227,782)	
Employee Benefits	3,971,124	-	2,283,468	(1,687,656)	-	(1,687,656)	
Unallocated Depreciation and Amortization	434,474	-	-	(434,474)	-	(434,474)	
Interest and Charges on Long-Term Debt	56,864	-	-	(56,864)	-	(56,864)	
Total Government Activities	13,761,609	513,710	4,035,198	(9,212,701)	-	(9,212,701)	
BUSINESS-TYPE ACTIVITIES							
Food Service	258,268	78,412	190,846	-	10,990	10,990	
Total Business-Type Activities	258,268	78,412	190,846	-	10,990	10,990	
Total Primary Government	\$ 14,019,877	\$ 592,122	\$ 4,226,044	\$ (9,212,701)	\$ 10,990	\$ (9,201,711)	
GENERAL REVENUES							
Property Taxes Levied for:							
General Purposes				\$ 3,592,852	\$ -	\$ 3,592,852	
Debt Service				294,744	-	294,744	
Federal and State Aid Not Restricted				5,026,352	-	5,026,352	
Miscellaneous Income				251,711	-	251,711	
Total General Revenues				9,165,659	-	9,165,659	
Change in Net Position				(47,042)	10,990	(36,052)	
Net Position - Beginning				11,849,727	134,018	11,983,745	
Net Position - Ending				\$ 11,802,685	\$ 145,008	\$ 11,947,693	

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

B. Fund Financial Statements

This page intentionally left blank

Governmental Funds

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Assets:					
Cash and Cash Equivalents	\$ 1,132,473	\$ -	\$ -	\$ -	\$ 1,132,473
Receivables From Other Governments:					
State	38,529	-	57,911	-	96,440
Federal	10,306	385,913	-	-	396,219
Other Receivables	551,760	2,940	-	24,562	579,262
Due From Other Funds	213,482	-	-	-	213,482
Restricted Cash	736,658	-	-	-	736,658
Total Assets	2,683,208	388,853	57,911	24,562	3,154,534
Liabilities and Fund Balances					
Liabilities:					
Cash Deficit	-	127,249	55,131	24,559	206,939
Accounts Payable	107,379	110,697	-	-	218,076
Interfunds Payable	-	132,918	-	-	132,918
Unearned Revenue	-	70,034	-	-	70,034
Total Liabilities	107,379	440,898	55,131	24,559	627,967
Fund Balances:					
Restricted Fund Balance:					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures	1,036,517	-	-	-	1,036,517
Reserve for Excess Surplus	843,053	-	-	-	843,053
Debt Service	-	-	-	3	3
Capital Reserve	234,175	-	-	-	234,175
Maintenance Reserve	252,483	-	-	-	252,483
Emergency Reserve	250,000	-	-	-	250,000
Committed for:					
Capital Projects	-	-	2,780	-	2,780
Assigned:					
Other Purposes	7,264	-	-	-	7,264
Designated for Subsequent Year's Expenditures	35,267	-	-	-	35,267
Unassigned	(82,930)	(52,045)	-	-	(134,975)
Total Fund Balances	2,575,829	(52,045)	2,780	3	2,526,567
Total Liabilities and Fund Balances	\$ 2,683,208	\$ 388,853	\$ 57,911	\$ 24,562	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$22,190,388 and the accumulated depreciation is \$8,156,920 (See Note 5).	14,033,468
Long-term liabilities, including bonds payable, compensated absences and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 6).	(5,410,058)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the fund financial statements.	336,764
Accrued interest payable is not recorded in the fund financial statements due to the fact that payables are not due in the current period.	(28,092)
Internal Service Net Position	344,036
Net Position of Governmental Activities	\$ 11,802,685

MULLICA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 3,592,852	\$ -	\$ -	\$ 294,744	\$ 3,887,596
Tuition Charges	513,710	-	-	-	513,710
Miscellaneous	93,598	4,890	-	-	98,488
Total - Local Sources	4,200,160	4,890	-	294,744	4,499,794
State Sources	6,587,270	463,048	-	-	7,050,318
Federal Sources	33,753	898,548	-	-	932,301
Total Revenues	10,821,183	1,366,486	-	294,744	12,482,413
Expenditures:					
Current:					
Regular Instruction	3,254,024	981,428	-	-	4,235,452
Special Education Instruction	841,711	-	-	-	841,711
Other Special Instruction	81,783	-	-	-	81,783
Other Instruction	62,124	-	-	-	62,124
Support Services and Undistributed Costs:					
Tuition	185,534	-	-	-	185,534
Student and Instruction Related Services	907,867	539,035	-	-	1,446,902
General Administration	304,065	-	-	-	304,065
School Administrative Services	307,424	-	-	-	307,424
Central Services	194,640	-	-	-	194,640
Administrative Information Technology	158,442	-	-	-	158,442
Plant Operations and Maintenance	877,406	-	-	-	877,406
Pupil Transportation	459,049	-	-	-	459,049
Employee Benefits	2,827,722	-	-	-	2,827,722
Debt Service:					
Principal	-	-	-	230,000	230,000
Interest and Other Charges	-	-	-	64,742	64,742
Capital Outlay	254,135	10,088	-	-	264,223
Total Expenditures	10,715,926	1,530,551	-	294,742	12,541,219
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	105,257	(164,065)	-	2	(58,806)
Other Financing Sources/(Uses):					
Operating Transfer In/(Out)	(56,293)	158,093	-	-	101,800
Total Other Financing Sources/(Uses)	(56,293)	158,093	-	-	101,800
Net Change in Fund Balances	48,964	(5,972)	-	2	42,994
Fund Balance/(Deficit) - July 1	2,526,865	(46,073)	2,780	1	2,483,573
Fund Balance/(Deficit) - June 30	\$ 2,575,829	\$ (52,045)	\$ 2,780	\$ 3	\$ 2,526,567

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

**MULLICA TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	42,994
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current fiscal year.</p>		
Depreciation Expense	\$ (436,089)	
Capital Asset Disposals	(7,100)	
Accumulated Depreciation - Capital Asset Disposals	7,100	
Debt Service Assessment	(53,078)	
Legal Fees Expended from Capital Outlay	(24,500)	
Capital Outlay	<u>264,223</u>	(249,444)
<p>Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>		
		230,000
<p>Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>		
		4,715
<p>Bond premiums are amortized over the lives of the bonds in the Statement of Activities but are recorded as an addition to the proceeds from sales of bonds in the governmental funds.</p>		
Current Year	(12,924)	
Prior Year	<u>14,539</u>	1,615
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
Pension Expense - PERS District Pension Contribution - 2016	124,151	
State Share of Unfunded TPAF Pension Expense	1,078,931	
Unfunded TPAF Pension Expense	(1,078,931)	
Pension Expense	<u>(204,258)</u>	(80,107)
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) 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.</p>		
Current Year	(215,494)	
Prior Year	<u>231,130</u>	15,636
<p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The (decrease)/increase in accrued interest from the previous year is an increase/(decrease) in the reconciliation.</p>		
Current Year	(28,092)	
Prior Year	<u>31,255</u>	3,163
Change in Net Position of the Internal Service Fund		<u>(15,614)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(47,042)</u></u>

This page intentionally left blank

Proprietary Funds

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
	FOOD SERVICE TOTALS	INTERNAL SERVICE FUND TOTALS
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 168,023	\$ 312,293
Accounts Receivable:		
State	551	-
Federal	28,105	-
Other	211	40,395
Inventories	2,533	-
Interfund Receivable - Due From Internal Service	8,652	-
Total - Current Assets	208,075	352,688
Noncurrent Assets:		
Furniture, Machinery and Equipment	104,416	-
Less:		
Accumulated Depreciation	(86,221)	-
Total - Noncurrent Assets	18,195	-
Total Assets	\$ 226,270	\$ 352,688
LIABILITIES AND NET POSITION		
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 245	\$ -
Unearned Revenue	453	-
Interfund Payable:		
General Fund	80,564	-
Due To Food Service Fund	-	8,652
Total Liabilities	81,262	8,652
Net Position:		
Net Investment in Capital Assets	18,195	-
Unrestricted	126,813	344,036
Total Net Position	\$ 145,008	\$ 344,036

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

MULLICA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
	FOOD SERVICE TOTALS	INTERNAL SERVICE FUND TOTALS
Operating Revenues:		
Charges for Services:		
Daily Sales		
Reimbursable Programs	\$ 69,185	\$ -
Non-Reimbursable Programs	7,036	-
Miscellaneous	2,191	-
Shared Service - Washington Twp. School	-	153,223
	<hr/>	<hr/>
Total Operating Revenues	78,412	153,223
	<hr/>	<hr/>
Operating Expenses:		
Salaries	93,372	65,272
Support Services - Employee Benefits	16,893	-
Purchased Professional/Technical Services	27,748	-
Supplies and Materials	7,650	-
Travel	-	1,765
Depreciation	2,641	-
Cost of Sales	107,415	-
Miscellaneous Expenditures	2,549	-
	<hr/>	<hr/>
Total Operating Expenses	258,268	67,037
	<hr/>	<hr/>
Operating (Loss)/Income	(179,856)	86,186
	<hr/>	<hr/>
Non-Operating Revenues:		
State Sources:		
State School Lunch Program	3,316	-
Federal Sources:		
National School Lunch Program	146,404	-
National School Breakfast Program	20,517	-
Food Distribution Program	20,609	-
	<hr/>	<hr/>
Total Non-Operating Revenues	190,846	-
	<hr/>	<hr/>
Income/(Loss) Before Contributions and Transfers	10,990	86,186
	<hr/>	<hr/>
Other Financing Sources/(Uses):		
Transfers Out	-	(101,800)
	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	-	(101,800)
	<hr/>	<hr/>
Change in Net Position	10,990	(15,614)
Total Net Position - Beginning	134,018	359,650
	<hr/>	<hr/>
Total Net Position - Ending	\$ 145,008	\$ 344,036
	<hr/> <hr/>	<hr/> <hr/>

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

**MULLICA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	FOOD SERVICE	LATCHKEY PROGRAM	TOTALS	INTERNAL SERVICE FUND TOTALS
Cash Flows From Operating Activities:				
Receipts From Customers	\$ 78,201	\$ -	\$ 78,201	\$ 112,828
Payments To Employees	(52,790)	-	(52,790)	(67,989)
Payments for Employee Benefits	(16,893)	-	(16,893)	-
Payments To Suppliers	(144,908)	-	(144,908)	-
Net Cash Provided By/(Used For) Operating Activities	(136,390)	-	(136,390)	44,839
Cash Flows From Noncapital Financing Activities:				
State & Federal Sources	182,659	-	182,659	-
Interfund Transfers	-	(27,576)	(27,576)	(101,800)
Net Cash Provided By/(Used For) Noncapital Financing Activities	182,659	(27,576)	155,083	(101,800)
Net Increase/(Decrease) in Cash and Cash Equivalents	46,269	(27,576)	18,693	(56,961)
Balance - Beginning of Year	121,754	27,576	149,330	369,254
Balance - End of Year	\$ 168,023	\$ -	\$ 168,023	\$ 312,293
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:				
Operating (Loss)/Income	(179,856)	-	(179,856)	86,186
Depreciation	2,641	-	2,641	-
Donated Commodities Received During the Year	20,609	-	20,609	-
(Increase)/Decrease in Accounts Receivable	(211)	-	(211)	(40,395)
(Increase)/Decrease in Inventories	(661)	-	(661)	-
Increase/(Decrease) in Accounts Payable	(19,625)	-	(19,625)	(952)
Increase/(Decrease) in Interfunds Payable	40,582	-	40,582	-
Increase/(Decrease) in Unearned Revenue	131	-	131	-
Total Adjustments	43,466	-	43,466	(41,347)
Net Cash Used for Operating Activities	\$ (136,390)	\$ -	\$ (136,390)	\$ 44,839

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

This page intentionally left blank

Fiduciary Fund

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUND	TOTALS
Assets:			
Cash and Cash Equivalents	\$ 219,277	\$ 60,164	\$ 279,441
Total Assets	<u>219,277</u>	<u>60,164</u>	<u>279,441</u>
Liabilities:			
Due To Student Groups	-	52,786	52,786
Payroll Deductions and Withholdings	-	4,454	4,454
Payroll Reserve	-	2,924	2,924
Total Liabilities	<u>-</u>	<u>60,164</u>	<u>60,164</u>
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	<u>219,277</u>	<u>-</u>	<u>219,277</u>
Total Net Position	<u>219,277</u>	<u>-</u>	<u>219,277</u>
Total Liabilities and Net Position	<u>\$ 219,277</u>	<u>\$ 60,164</u>	<u>\$ 279,441</u>

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

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

	UNEMPLOYMENT COMPENSATION TRUST	TOTALS
Additions:		
Contributions:		
Plan Members	\$ 9,673	\$ 9,673
	<hr/>	<hr/>
Total Additions	9,673	9,673
	<hr/>	<hr/>
Change in Net Position	9,673	9,673
	<hr/>	<hr/>
Net Position - Beginning of Year	209,604	209,604
	<hr/>	<hr/>
Net Position - End of Year	\$ 219,277	\$ 219,277
	<hr/> <hr/>	<hr/> <hr/>

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

MULLICA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

The financial statements of the Mullica Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Mullica Township School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. The District provides a full range of educational services appropriate to grade levels Pre-K through 8. The Mullica Township School District has an approximate enrollment at June 30, 2016 of 752 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The District had no component units for the year ended June 30, 2016.

Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay sub-fund.

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

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

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

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

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund – The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following major proprietary fund:

Enterprise Fund- The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

All propriety funds are accounted for on a flow of economic recovery. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into investment in capital assets net of related debt and unrestricted net position.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

Buildings & Improvements	10-50 Years
Equipment	12 Years
Light Trucks & Vehicle	4 Years
Heavy Trucks & Vehicle	6 Years

The District’s enterprise fund is composed of the following:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Internal Service/Shared Services Fund – This fund accounts for the revenues and expenses pertaining to the shared service agreement with Washington Township School District.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust fund:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. 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. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

Cash and Cash Equivalents

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

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.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 loss of funds on deposit with a failed banking institution in New Jersey.

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

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- **Assigned** – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for*

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

Pensions, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources.

Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2016 through the date of November 17, 2016, which is the date the financial statements were available to be issued. The following was noted:

On November 8, 2016, the residents of Mullica Township voted to approve Phase 1 Improvements of the District's Elementary and Middle Schools in the amount of \$2,654,066.

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 2. Cash and Cash Equivalents

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District’s bank balance of \$2,876,687 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000
Collateralized by securities held by Pledging financial institution	2,259,202
Uninsured and uncollateralized	<u>367,485</u>
Total	<u>\$ 2,876,687</u>

Investments

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

1. Bonds and other obligations of the United States or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 2. Cash and Cash Equivalents (continued):

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

Note 3. Reserve Accounts

A. Capital Reserve

A capital reserve account was established by the Mullica Township School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated 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-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015		\$	455,175
Withdrawals:			
Board Resolution, March 22, 2016	\$	171,000	
Board Resolution, April 27, 2016		50,000	
Total Withdrawals			<u>221,000</u>
Ending Balance, June 30, 2016		\$	<u>234,175</u>

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$5,025,346. The withdrawals from the capital reserve were used in a DOE approved facilities project, consistent with the district’s Long Range Facilities Plan.

B. Maintenance Reserve

A Maintenance Reserve Account was established the Mullica Township School District for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Maintenance Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). Districts may only increase the balance in the maintenance reserve account by appropriating funds in the annual general

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 3. Reserve Accounts (continued):

B. Maintenance Reserve (continued):

fund budget certified for taxes (N.J.A.C. 6A:23A-14.2) or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 30 of the budget year. EFCFA requires that upon District completion of a school facilities project, the district must submit a plan for the maintenance of that facility. Auditors and District staff should refer to the regulations, N.J.A.C.6A:26A, for further guidance. A separate line is provided in the Audsum for this reserve account.

Beginning Balance, July 1, 2015	\$	352,483
Deductions:		
Utilization in Current Year Budget		100,000
Ending Balance, June 30, 2016	\$	252,483

C. Emergency Reserve

An Emergency Reserve Account was established by the Mullica School District for the accumulation of funds for use in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district School District between June 1 and June 30.

Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

Beginning Balance, July 1, 2015	\$	250,000
Additions:		
Current Year Transfer of Surplus, per Board Resolution		-
Ending Balance, June 30, 2016	\$	250,000

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Proprietary Funds	Internal Service Fund	Total
State Aid	\$ 38,529	\$ -	\$ 57,911	\$ -	\$ 551	\$ -	\$ 96,991
Federal Aid	10,306	385,913	-	-	28,105	-	424,324
Tax Levy	299,405	-	-	24,562	-	-	323,967
Other	252,355	2,940	-	-	211	40,395	295,901
Total	\$ 600,595	\$ 388,853	\$ 57,911	\$ 24,562	\$ 28,867	\$ 40,395	\$ 1,141,183

Note 5. Capital Assets

The schedule on the following page is a summarization of the capital assets by source for the fiscal year ended June 30, 2016.

	June 30, 2015	Additions	Deletions	June 30, 2016
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 233,181	\$ -	\$ -	\$ 233,181
Construction in Progress	108,809	-	-	108,809
Total capital assets not being depreciated	341,990	-	-	341,990
Land Improvements	185,455	13,995	-	199,450
Buildings and improvements	21,133,226	-	-	21,133,226
Machinery and equipment	350,172	172,650	(7,100)	515,722
Subtotal	21,668,853	186,645	(7,100)	21,848,398
Less: accumulated depreciation:				
Land Improvements	(95,130)	(7,715)	-	(102,845)
Buildings and improvements	(7,338,538)	(401,326)	-	(7,739,864)
Machinery and equipment	(294,263)	(27,048)	7,100	(314,211)
Total accumulated depreciation	(7,727,931)	(436,089)	7,100	(8,156,920)
Total capital assets being depreciated, net	13,940,922	(249,444)	-	13,691,478
Governmental activities capital assets, net	\$ 14,282,912	\$ (249,444)	\$ -	\$ 14,033,468

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 5. Capital Assets (continued):

	June 30, 2015	Additions	Deletions	June 30, 2016
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$ 104,416	\$ -	\$ -	\$ 104,416
Subtotal	104,416	-	-	104,416
Less accumulated depreciation:				
Equipment	(83,580)	(2,641)	-	(86,221)
Total accumulated depreciation	(83,580)	(2,641)	-	(86,221)
Enterprise Fund Capital Assets	\$ 20,836	\$ (2,641)	\$ -	\$ 18,195

Note 6. Long-Term Obligations

A. Long-Term Obligation Activity

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities reported in the long-term obligations:

	June 30, 2015	Accrued/ Increases	Retired/ Decreases	June 30, 2016	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 2,170,000	\$ -	\$ (230,000)	\$ 1,940,000	\$ 240,000
Premium on Bonds	14,539	-	(1,615)	12,924	1,615
Capital Lease Payable	4,715	-	(4,715)	-	-
Compensated Absences Payable	231,130	-	(15,636)	215,494	-
Net Pension Liability	2,689,544	552,096	-	3,241,640	-
Subtotal	\$ 5,109,928	\$ 552,096	\$ (251,966)	\$ 5,410,058	\$ 241,615

B. Bonds Payable

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

On June 9, 2011, the Board issued \$2,860,000 in general obligation bonds with an average interest rate of 3.230430% to advance refund \$2,769,000 of outstanding series bonds with an average interest rate of 4.507824%. The net proceeds of \$2,881,001 (after payment of \$47,401 in underwriting fees, insurance and other issuance costs) included an original issuance premium of \$21,001. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the series bonds. As a result, the series bonds are considered to be defeased and the liability for these bonds has been removed from net position.

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 6. Long-Term Obligations (continued):

B. Bonds Payable (continued):

This refunding resulted in a net present value savings of \$174,512. In addition, the savings resulted from the refunding were as follows:

Cash Flow Requirements to Service (Old) Debt	\$ 3,681,380
Less: Cash Flow Requirements for New Debt	<u>(3,471,714)</u>
Net Savings from Refunding	<u>\$ 209,666</u>

The Bonds are not subject to redemption prior to maturity.

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) “Continuing Disclosure” requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This requirement is effective for the fiscal years ended June 30, 2003 and thereafter and to date has been complied with.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016/17	\$ 240,000	\$ 58,893	\$ 298,893
2017/18	245,000	53,736	298,736
2018/19	250,000	47,230	297,230
2019/20	245,000	38,555	283,555
2020/21	245,000	29,710	274,710
2021/22-2023/24	<u>715,000</u>	<u>39,455</u>	<u>754,455</u>
	<u>\$ 1,940,000</u>	<u>\$ 267,579</u>	<u>\$ 2,207,579</u>

C. Bonds Authorized But Not Issued

As of June 30, 2016, the District had no authorized but not issued bonds.

D. Capital Leases

As of June 30, 2016, the District had no outstanding capital leases.

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 7. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 213,482	\$ -
Special Revenue Fund	-	132,918
Internal Service Fund	-	8,652
Food Service Fund	8,652	80,564
	<hr/>	<hr/>
Total	<u>\$ 222,134</u>	<u>\$ 222,134</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 47,173	\$ 65,337
Special Revenue Fund	24,755	19,597
Latchkey Program Fund	-	27,576
Food Service Fund	40,582	-
	<hr/>	<hr/>
	<u>\$ 112,510</u>	<u>\$ 112,510</u>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 8. Inventory

Inventory recorded at June 30, 2016 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 1,927
Supplies	<u>606</u>
Total	<u>\$ 2,533</u>

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Three-Year Trend Information for PERS

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	\$ 124,151	100%	\$ 3,241,640
6/30/2015	118,424	100%	2,689,544
6/30/2014	129,225	100%	2,815,918

Components of Pension Liability - At June 30, 2016, the District reported a liability of \$3,241,640 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.01444% percent, which was an increase of 0.00008% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 and June 30, 2015

Actuarial Valuation Date	<u>6/30/2016</u> July 1, 2015	<u>6/30/2015</u> July 1, 2014
Deferred Outflows of Resources	\$ 437,461	\$ 208,725
Deferred Inflows of Resources	\$ 100,697	\$ 219,799
Net Pension Liability	\$ 3,241,640	\$ 2,689,544
District's portion of the Plan's total net pension liability	0.01444%	0.01437%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$8. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 348,126	\$ -
Net difference between expected and actual experience	77,334	-
Net difference between projected and actual earnings on pension plan investments	-	52,119
Changes in proportion and differences between District contributions and proportionate share of contributions	12,001	48,578
Total	\$ 437,461	\$ 100,697

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	60,914
2018	60,914
2019	60,914
2020	100,986
2021	53,036
Thereafter	-

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	100.00%	

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 4,028,962	\$ 3,241,640	\$ 2,581,555

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 9. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

The following represents the membership tiers for TPAF:

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

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

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

**Three-Year Trend Information for TPAF & Post Retirement Medical Contributions
(Paid on behalf of the District)**

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	\$ 839,148	100%	-
6/30/2015	695,274	100%	-
6/30/2014	560,440	100%	-

Teachers Pensions and Annuity Fund (TPAF) - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

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

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

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED JUNE 30, 2016

Note 9. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

Defined Contribution Retirement Plan (DCRP) – The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution. For the year ended June 30, 2016, employee contributions total \$16,202, and the District recognized pension expense of \$9,121.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

Note 10. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 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 on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 11. Risk Management

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

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

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 district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district’s trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ -	\$ 9,673	\$ -	\$ 219,277
2014-2015	-	11,847	-	209,604
2013-2014	-	11,368	-	197,757

Note 12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Note 13. 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, could have an effect on the District’s programs and activities.

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 14. Deferred Compensation

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

TSA Consulting Group

Note 15. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, 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 varying amounts of vacation and sick leave in accordance with the district's school personnel policy. Upon termination, employees are paid for accrued vacation. The district's school's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the district school for the unused sick leave in accordance with district's agreements with various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$215,494.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 no liability existed for compensated absences in the proprietary fund types.

Note 16. Fund Balance Disclosure

General Fund (Exhibit B-1) – Of the \$2,575,829 General Fund fund balance at June 30, 2016, \$1,036,517 is restricted for excess surplus designated for subsequent; \$843,053 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7; \$234,175 has been reserved in the Capital Reserve Account; \$252,483 has been reserved in the Maintenance Reserve Account; \$250,000 has been reserved in the Emergency Reserve Account; \$7,264 is assigned for other purposes; \$35,267 is assigned as designated for subsequent year expenditures and \$(82,930) is unassigned.

Capital Projects Fund – Of the \$2,780 Capital Projects Fund fund balance at June 30, 2016, \$2,780 is committed for future Capital Projects.

Debt Service Fund – Of the \$3 Debt Service Fund fund balance at June 30, 2016, \$3 is restricted for future Debt Service.

Special Revenue Fund – Of the \$(52,045) Special Revenue Fund fund balance at June 30, 2016, \$(52,045) is unassigned.

MULLICA TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 17. Calculation of Excess Surplus

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A. 18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$843,053.

Note 18. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$28,089 at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position for the Governmental Activities in the amount of \$2,868,778 at June 30, 2016. The primary causes of this deficit includes the District not recognizing the receivable for the last two state aid payments and the recording of long-term liabilities for general obligation bonds, capital leases, compensated absences and net pension liability. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

This page intentionally left blank

C. Budgetary Comparison Schedules

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				VARIANCE
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
REVENUES:						
Local Sources:						
Local Tax Levy	10-1210	\$ 3,592,852	\$ -	\$ 3,592,852	\$ 3,592,852	\$ -
Tuition	10-1300	516,347	-	516,347	513,710	(2,637)
Unrestricted Miscellaneous Revenues	10-1XXX	80,856	-	80,856	93,598	12,742
Total Local Sources		4,190,055	-	4,190,055	4,200,160	10,105
State Sources:						
Categorical Special Education Aid	10-3132	361,974	-	361,974	361,974	-
Equalization Aid	10-3176	4,048,982	-	4,048,982	4,048,982	-
Categorical Security Aid	10-3177	145,886	-	145,886	145,886	-
Adjustment Aid	10-3178	554,184	-	554,184	554,184	-
Categorical Transportation Aid	10-3121	231,267	-	231,267	231,267	-
Extraordinary Aid	10-3131	-	-	-	14,407	14,407
Under Adequacy Aid	10-3175	11,546	-	11,546	11,546	-
Per Pupil Growth Aid	10-3XXX	6,170	-	6,170	6,170	-
PARCC Readiness Aid	10-3XXX	6,170	-	6,170	6,170	-
Non Public Transportation Aid	10-3XXX	-	-	-	6,264	6,264
TPAF Pension Contributions (On-Behalf - Non-Budgeted)		-	-	-	383,046	383,046
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)		-	-	-	456,102	456,102
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	365,389	365,389
Total State Sources		5,366,179	-	5,366,179	6,591,387	1,225,208
Federal Sources:						
Medicaid Aid Reimbursement		16,103	-	16,103	33,753	17,650
Total Federal Sources		16,103	-	16,103	33,753	17,650
Total Revenues		9,572,337	-	9,572,337	10,825,300	1,252,963
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	418,718	(21,518)	397,200	397,163	37
Grades 1-5	11-120-100-101	1,503,800	(17,131)	1,486,669	1,484,488	2,181
Grades 6-8	11-130-100-101	1,156,758	(63,684)	1,093,074	1,092,318	756
Unused Vacation Payment to Terminated/Retired Staff	11-1XX-100-199	24,765	-	24,765	24,765	-
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	10,000	(211)	9,789	1,638	8,151
Purchased Prof. Ed Services	11-150-100-320	2,000	211	2,211	197	2,014
Regular Programs - Undistributed Instruction:						
Purchased Technical Services	11-190-100-340	-	79,491	79,491	53,618	25,873
Other Purchased Services	11-190-100-500	31,838	-	31,838	31,161	677
General Supplies	11-190-100-610	227,448	(19,206)	208,242	159,671	48,571
Textbooks	11-190-100-640	4,420	-	4,420	54	4,366
Other Objects	11-190-100-800	27,750	-	27,750	8,951	18,799
Total Regular Programs - Instruction		3,407,497	(42,048)	3,365,449	3,254,024	111,425

**MULLICA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				VARIANCE
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Spec. Educ. - Instruction - Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	200,230	(2,487)	197,743	197,743	-
Other Salaries for Instruction	11-212-100-106	106,495	(36,766)	69,729	69,729	-
Purchased Technical Services	11-212-100-340	-	9,968	9,968	5,911	4,057
General Supplies	11-212-100-610	652	(80)	572	572	-
Total Spec. Educ. - Instruct. - Multiple Disabilities		307,377	(29,365)	278,012	273,955	4,057
Sp. Educ. - Instruction - Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	469,090	24,699	493,789	493,787	2
Other Salaries for Instruction	11-213-100-106	122,754	(66,327)	56,427	56,427	-
Purchased Technical Services	11-213-100-340	-	19,955	19,955	16,254	3,701
General Supplies	11-213-100-610	1,294	(6)	1,288	1,288	-
Total Sp. Educ. - Instruction - Resource Room/Resource Center		593,138	(21,679)	571,459	567,756	3,703
Total Special Education - Instruction		900,515	(51,044)	849,471	841,711	7,760
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	64,529	(9,989)	54,540	54,540	-
Purchased Technical Services	11-230-100-340	-	500	500	-	500
General Supplies	11-230-100-610	500	(322)	178	178	-
Total Basic Skills/Remedial - Instruction		65,029	(9,811)	55,218	54,718	500
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	27,954	(889)	27,065	27,065	-
Total Bilingual Education - Instruction		27,954	(889)	27,065	27,065	-
School-Sponsored Co/Extra Curricular Activities - Instruction:						
Salaries	11-401-100-100	33,228	(6,016)	27,212	26,702	510
Total School-Sponsored Co/Extra Curricular Activites - Instruction		33,228	(6,016)	27,212	26,702	510
School-Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	16,020	-	16,020	15,300	720
Purchased Services (300-500 Series)	11-402-100-500	3,740	-	3,740	2,612	1,128
Supplies and Materials	11-402-100-600	3,460	-	3,460	2,714	746
Other Objects	11-402-100-800	1,500	-	1,500	573	927
Total School-Sponsored Athletics - Instruction		24,720	-	24,720	21,199	3,521
Summer School- Instruction:						
Salaries of Teachers	11-422-100-101	10,758	582	11,340	9,940	1,400
Other Salaries of Instruction	11-422-100-106	3,920	-	3,920	3,895	25
Purchased Professional & Technical Services	11-422-100-300	982	(594)	388	388	-
Total Summer School- Instruction:		15,660	(12)	15,648	14,223	1,425
Total - Instruction		4,474,603	(109,820)	4,364,783	4,239,642	125,141
Undist. Expend. - Instruction:						
Tuition To Other LEAs Within the State - Special	11-000-100-562	38,595	11,686	50,281	50,281	-
Tuition To CSSD & Regular Day Schools	11-000-100-565	131,216	5,534	136,750	54,692	82,058
Tuition To Priv. Sch for the Disabled Within State	11-000-100-566	116,767	(32,580)	84,187	80,561	3,626
Tuition - Other	11-000-100-569	15,832	(6,129)	9,703	-	9,703
Total Undist. Expend. - Instruction		302,410	(21,489)	280,921	185,534	95,387

**MULLICA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				VARIANCE
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Undist. Expend. - Attendance and Social Work:						
Salaries	11-000-211-100	6,282	-	6,282	6,282	-
Other Purchased Services	11-000-211-500	200	-	200	97	103
Total Undist. Expend. - Attendance and Social Work		6,482	-	6,482	6,379	103
Undist. Expend. - Health Services:						
Salaries	11-000-213-100	19,575	67,005	86,580	75,322	11,258
Purchased Professional Educational Services	11-000-213-300	69,331	(59,496)	9,835	9,697	138
Supplies and Materials	11-000-213-600	2,500	-	2,500	1,692	808
Total Undist. Expend. - Health Services		91,406	7,509	98,915	86,711	12,204
Undist. Expend. - Speech, OT, PT, & Related Services:						
Salaries	11-000-216-100	107,680	315	107,995	107,995	-
Purchased Professional - Educational Services	11-000-216-320	39,720	(4,919)	34,801	30,921	3,880
Supplies and Materials	11-000-216-600	500	(500)	-	-	-
Total Undist. Expend. - Speech, OT, PT, & Related Services:		147,900	(5,104)	142,796	138,916	3,880
Undist. Expend. - Other Support Serv. Stud. - Extra Services:						
Salaries	11-000-217-100	-	166,936	166,936	166,935	1
Purchased Professional - Educational Services	11-000-217-320	-	176	176	176	-
Total Undist. Expend. - Other Support Serv. Stud. - Extra Services		-	167,112	167,112	167,111	1
Undist. Expend. - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	311,684	1,347	313,031	313,031	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	33,611	(2,892)	30,719	28,653	2,066
Other Purchased Professional & Technical Services	11-000-219-390	4,800	1,315	6,115	6,015	100
Other Purchased Services (400-500 Series)	11-000-219-500	3,625	(3,625)	-	-	-
Miscellaneous Purchased Services	11-000-219-592	500	2,604	3,104	2,505	599
Supplies and Materials	11-000-219-600	2,000	(790)	1,210	1,210	-
Other Objects	11-000-219-800	-	1,314	1,314	1,314	-
Total Undist. Expend. - Child Study Teams		356,220	(727)	355,493	352,728	2,765
Undist. Expend. - Improvement of Instructional Services:						
Salaries of Supervisor of Instruction	11-000-221-102	93,913	970	94,883	94,883	-
Salaries of Secretarial and Clerical Assistants	11-000-221-105	15,595	7,468	23,063	23,063	-
Other Purchased Professional & Technical Services	11-000-221-390	3,063	-	3,063	3,062	1
Other Purchased Services	11-000-221-500	2,750	(2,683)	67	66	1
Supplies & Materials	11-000-221-600	2,000	(29)	1,971	1,971	-
Other Objects	11-000-221-800	1,330	(601)	729	729	-
Total Undist. Expend. - Improvement of Instructional Services		118,651	5,125	123,776	123,774	2
Undist. Expend. - Educational Media/School Library:						
Salaries	11-000-222-100	14,759	(704)	14,055	14,055	-
Purchased Professional and Technical Services	11-000-222-300	4,360	818	5,178	2,731	2,447
Other Purchased Services	11-000-222-500	23,000	(114)	22,886	2,828	20,058
Supplies and Materials	11-000-222-600	8,871	462	9,333	9,274	59
Other Objects	11-000-222-800	500	(462)	38	-	38
Total Undist. Expend. - Educational Media/School Library		51,490	-	51,490	28,888	22,602
Undist. Expend. - Instructional Staff Training Services:						
Other Purchased Services	11-000-223-500	4,000	99	4,099	3,360	739
Total Undist. Expend. - Instructional Staff Training Services		4,000	99	4,099	3,360	739

**MULLICA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				VARIANCE
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Undist. Expend. - Support Services - General Administration:						
Salaries	11-000-230-100	196,928	(7,787)	189,141	176,641	12,500
Legal Services	11-000-230-331	50,000	150	50,150	50,148	2
Audit Fees	11-000-230-332	26,000	3,000	29,000	28,000	1,000
Architectural/Engineering Services	11-000-230-334	5,000	3,747	8,747	2,500	6,247
Other Purchased Prof. Services	11-000-230-339	4,500	3,065	7,565	2,423	5,142
Purchased Technical Services	11-000-230-340	6,430	2,944	9,374	4,689	4,685
Communications/Telephone	11-000-230-530	23,072	788	23,860	17,772	6,088
BOE Other Purchased Services	11-000-230-585	1,320	-	1,320	1,320	-
Misc. Purchased Services (400-500) [Other than 530 & 585]	11-000-230-590	11,635	(682)	10,953	8,261	2,692
General Supplies	11-000-230-610	4,000	34	4,034	4,011	23
BOE In-House Training/Meeting Supplies	11-000-230-630	500	(14)	486	480	6
Judgments Aainst School District	11-000-230-820	-	270	270	270	-
Miscellaneous Expenditures	11-000-230-890	2,410	447	2,857	2,607	250
BOE Membership Dues and Fees	11-000-230-895	6,500	(168)	6,332	4,943	1,389
Total Undist. Expend. - Support Services - General Admin.		338,295	5,794	344,089	304,065	40,024
Undist. Expend. - Support Services - School Admin.:						
Salaries of Principals/Assistant Principals	11-000-240-103	197,518	1,779	199,297	199,297	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	105,911	(6,245)	99,666	99,212	454
Purchased Professional & Technical Services	11-000-240-300	-	4,466	4,466	1,266	3,200
Other Purchases Services	11-000-240-500	5,200	245	5,445	2,379	3,066
Supplies and Materials	11-000-240-600	6,000	(525)	5,475	3,360	2,115
Other Objects	11-000-240-800	3,000	280	3,280	1,910	1,370
Total Undist. Expend. - Support Services - School Admin.		317,629	-	317,629	307,424	10,205
Undist. Expend. - Support Services - Central Services:						
Salaries	11-000-251-100	197,703	(3,004)	194,699	187,928	6,771
Purchased Professional Services	11-000-251-330	1,100	1,200	2,300	1,300	1,000
Miscellaneous Purchased Services	11-000-251-592	3,100	-	3,100	874	2,226
Supplies and Materials	11-000-251-600	3,500	(43)	3,457	2,709	748
Miscellaneous Expenditures	11-000-251-890	2,000	-	2,000	1,829	171
Total Undist. Expend. - Support Services - Central Services		207,403	(1,847)	205,556	194,640	10,916
Undist. Expend. - Admin Info Technology:						
Salaries	11-000-252-100	61,500	-	61,500	61,500	-
Purchased Technical Services	11-000-252-340	62,069	14,678	76,747	69,012	7,735
Supplies and Materials	11-000-252-600	24,100	3,833	27,933	27,930	3
Other Objects	11-000-252-800	1,000	(1,000)	-	-	-
Total Undist. Expend. - Admin Info Technology		148,669	17,511	166,180	158,442	7,738
Undist. Expend. - Required Maintenance for School Facilities:						
Salaries	11-000-261-100	16,913	-	16,913	16,913	-
Cleaning, Repair & Maintenance Services	11-000-261-420	124,102	(1,518)	122,584	65,166	57,418
General Supplies	11-000-261-610	37,035	5,122	42,157	31,820	10,337
Other Objects	11-000-261-800	-	441	441	441	-
Total Undist. Expend. - Required Maintenance for School Facilities		178,050	4,045	182,095	114,340	67,755

**MULLICA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				VARIANCE
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Undist. Expend. - Custodial Services:						
Salaries	11-000-262-100	337,312	(38,272)	299,040	293,338	5,702
Salaries of Non-Instructional Aides	11-000-262-107	28,783	-	28,783	28,782	1
Purchased Professional and Technical Services	11-000-262-300	3,000	23,760	26,760	19,010	7,750
Cleaning, Repair, & Maintenance Services	11-000-262-420	41,709	2,775	44,484	42,501	1,983
Insurance	11-000-262-520	69,038	-	69,038	68,947	91
General Supplies	11-000-262-610	39,000	6,730	45,730	45,724	6
Energy (Natural Gas)	11-000-262-621	65,000	-	65,000	33,551	31,449
Energy (Electricity)	11-000-262-622	145,000	128	145,128	138,573	6,555
Energy (Oil)	11-000-262-624	1,000	-	1,000	-	1,000
Energy (Gasoline)	11-000-262-626	1,500	-	1,500	479	1,021
Total Undist. Expend. - Custodial Services		731,342	(4,879)	726,463	670,905	55,558
Undist. Expend. - Care & Upkeep of Grounds:						
Salaries	11-000-263-100	35,683	-	35,683	35,335	348
Cleaning, Repair, & Maintenance Services	11-000-263-420	17,000	-	17,000	12,956	4,044
General Supplies	11-000-263-610	4,700	-	4,700	2,806	1,894
Total Undist. Expend. - Care & Upkeep of Grounds		57,383	-	57,383	51,097	6,286
Undist. Expend. - Security:						
Purchased Professional & Technical Services	11-000-266-300	45,930	(45,930)	-	-	-
Cleaning, Repair & Maintenance Services	11-000-266-420	-	48,198	48,198	40,309	7,889
General Supplies	11-000-266-610	1,000	-	1,000	755	245
Total Undist. Expend. - Security		46,930	2,268	49,198	41,064	8,134
Total Undist. Expend. - Oper. & Maint. of Plant		1,013,705	1,434	1,015,139	877,406	137,733
Undist. Expend. - Student Transportation Services:						
Management Fee - ESC & CTSA Trans. Program	11-000-270-350	22,080	385	22,465	19,734	2,731
Other Purchased Prof. and Technical Services	11-000-270-390	4,350	-	4,350	3,800	550
Contracted Services - Aid in Lieu of Payments - Nonpublic	11-000-270-503	12,376	8,398	20,774	20,774	-
Contracted Services - Aid in Lieu of Payments - Charter	11-000-270-504	2,652	-	2,652	-	2,652
Contracted Services (Bet. Home & School) - Vendors	11-000-270-511	11,646	-	11,646	5,304	6,342
Contracted Services (Bet. Home & School) - Joint Agreements	11-000-270-513	301,832	4,882	306,714	256,800	49,914
Contracted Services - (Spec. Ed. Students) - Vendors	11-000-270-514	153,342	3,702	157,044	152,637	4,407
Total Undist. Expend. - Student Transportation Services		508,278	17,367	525,645	459,049	66,596
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	129,166	18,270	147,436	138,651	8,785
Other Retirement Contributions - PERS	11-000-291-241	162,834	(10,916)	151,918	119,959	31,959
Unemployment Compensation	11-000-291-250	10,000	(2,402)	7,598	5,766	1,832
Workmen's Compensation	11-000-291-260	113,003	(22,165)	90,838	85,472	5,366
Health Benefits	11-000-291-270	1,535,376	(5,993)	1,529,383	1,259,545	269,838
Tuition Reimbursement	11-000-291-280	25,000	-	25,000	11,254	13,746
Other Employee Benefits	11-000-291-290	2,382	392	2,774	2,538	236
Total Unallocated Benefits - Employee Benefits		1,977,761	(22,814)	1,954,947	1,623,185	331,762

**MULLICA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	June 30, 2016				VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)	-	-	-	383,046	(383,046)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	456,102	(456,102)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	365,389	(365,389)
Total On-Behalf Contributions	-	-	-	1,204,537	(1,204,537)
Total Personal Services - Employee Benefits	1,977,761	(22,814)	1,954,947	2,827,722	(872,775)
Total Undistributed Expenditures	5,590,299	169,970	5,760,269	6,222,149	(461,880)
Total Expenditures - Current Expense	10,064,902	60,150	10,125,052	10,461,791	(336,739)
Capital Outlay					
Equipment:					
Instruction	12-000-100-730	6,900	(6,900)	-	-
Non-instructional Services	12-000-300-730	8,000	49,714	57,714	16,995
Total Equipment		14,900	42,814	57,714	16,995
Facilities Acquisition and Construction Services:					
Legal Services	12-000-400-331	-	25,000	25,000	25,000
Architectural/Engineering Services	12-000-400-334	-	25,000	25,000	4,500
Other Purchased Professional & Technical Services	12-000-400-390	-	19,750	19,750	19,643
Construction Services	12-000-400-450	19,500	(19,499)	1	-
Supplies and Materials	12-000-400-600	8,000	141,930	149,930	134,919
Assessment for Debt Service on SDA Funding	12-000-400-896	53,078	5,306	58,384	53,078
Total Facilities Acquisition and Construction Services		80,578	197,487	278,065	237,140
Total Capital Outlay		95,478	240,301	335,779	254,135
General Fund Grand Total		10,160,380	300,451	10,460,831	10,715,926
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(588,043)	(300,451)	(888,494)	109,374
Other Financing Sources/(Uses):					
Operating Transfers In:					
Internal Service Fund		101,800	-	101,800	101,800
Operating Transfers Out:					
Local Contribution - Transfer to Special Revenue:					
Regular		(80,578)	-	(80,578)	(80,578)
Inclusion		(77,515)	-	(77,515)	(77,515)
Transfer of Funds to Charter Schools	10-000-100-56X	(23,595)	-	(23,595)	-
Transfer to Food Service Fund	11-000-310-930	(17,000)	-	(17,000)	-
Total Other Financing Sources/(Uses)		(96,888)	-	(96,888)	(56,293)

**MULLICA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	June 30, 2016				VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Excess/(Deficiency) of Revenues and Expenditures and Other Financing Sources/Uses Fund Balances, July 1	(684,931)	(300,451)	(985,382)	53,081	1,038,463
	<u>3,043,824</u>	<u>-</u>	<u>3,043,824</u>	<u>3,043,824</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 2,358,893</u>	<u>\$ (300,451)</u>	<u>\$ 2,058,442</u>	<u>\$ 3,096,905</u>	<u>\$ 1,038,463</u>
Recapitulation of Budget Transfers:					
Transfer to Capital Outlay from Capital Reserve		\$ 221,000			
Prior Year Reserve for Encumbrances		<u>79,451</u>			
Total Budget Transfers		<u>\$ 300,451</u>			
Recapitulation:					
Restricted Fund Balance:					
Reserved Excess Surplus:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 1,036,517	
Reserve for Excess Surplus				843,053	
Capital Reserve				234,175	
Maintenance Reserve				252,483	
Emergency Reserve				250,000	
Assigned Fund Balance:					
ARRA - Special Education - Medicaid Initiative				7,264	
Year-End Encumbrances				167,475	
Designated for Subsequent Year's Expenditures				35,267	
Unassigned Fund Balance				<u>270,671</u>	
				3,096,905	
Reconciliation To Governmental Funds Statements (GAAP):					
Last Two State Aid Payments Not Recognized on GAAP Basis				<u>(521,076)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,575,829</u>	

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	June 30, 2016				VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources	\$ -	\$ 10,192	\$ 10,192	\$ 4,890	\$ (5,302)
State Sources	535,716	-	535,716	476,752	(58,964)
Federal Sources	357,748	727,499	1,085,247	922,471	(162,776)
Total Revenues	893,464	737,691	1,631,155	1,404,113	(227,042)
Expenditures:					
Instruction:					
Salaries	465,296	148,826	614,122	544,438	69,684
Other Salaries for Instruction	169,212	(6,735)	162,477	127,626	34,851
Purchased Professional and Technical Services	14,000	35,730	49,730	43,325	6,405
Other Purchased Services (400-500)	124,716	56,954	181,670	168,443	13,227
General Supplies	21,360	104,069	125,429	94,332	31,097
Other Objects	-	17,967	17,967	17,376	591
Total Instruction	794,584	356,811	1,151,395	995,540	155,855
Support Services:					
Salaries	-	135,993	135,993	119,526	16,467
Salaries of Program Directors	5,422	-	5,422	5,000	422
Salaries of Other Professional Staff	33,873	-	33,873	31,208	2,665
Salaries of Secretaries and Clerical Assistants	3,235	1,079	4,314	1,599	2,715
Other Salaries	23,802	624	24,426	24,040	386
Personal Services - Employee Benefits	109,460	110,155	219,615	197,441	22,174
Professional and Technical Services	8,035	13,719	21,754	20,078	1,676
Other Purchased Services	12,964	90,084	103,048	94,684	8,364
Contracted Services (Bet. Home & School)	53,742	-	53,742	53,562	180
Travel	-	3,481	3,481	1,699	1,782
Supplies and Materials	6,440	5,882	12,322	7,741	4,581
Total Support Services	256,973	361,017	617,990	556,578	61,412
Facilities Acquisition and Construction Services:					
Instructional Equipment	-	19,863	19,863	10,088	9,775
Total Facilities Acquisition and Construction Services	-	19,863	19,863	10,088	9,775
Total Expenditures	1,051,557	737,691	1,789,248	1,562,206	227,042
Other Financing Sources/(Uses):					
Transfer from Operating Budget - PreK	158,093	-	158,093	158,093	-
Total Other Financing Sources/(Uses)	158,093	-	158,093	158,093	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

This page intentionally left blank

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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) "revenues" from the Budgetary Comparison Schedules	\$ 10,825,300	\$ 1,404,113
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Less: Current Year Encumbrances	-	(41,145)
Add: Prior Year Encumbrances	-	9,490
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	516,959	46,073
Less: Current year state aid payment not recognized for GAAP purposes until subsequent year	<u>(521,076)</u>	<u>(52,045)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 10,821,183</u>	<u>\$ 1,366,486</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 10,715,926	\$ 1,562,206
Difference - 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.		
Less: Current Year Encumbrances	-	(41,145)
Add: Prior Year Encumbrances	<u>-</u>	<u>9,490</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 10,715,926</u>	<u>\$ 1,530,551</u>

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION - PART III

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.01444%	0.01437%	0.01473%
District's proportionate share of the net pension liability (asset)	\$ 3,241,640	\$ 2,689,544	\$ 2,815,918
District's covered-employee payroll	\$ 1,073,074	\$ 1,047,358	\$ 941,690
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	302.09%	256.79%	299.03%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MULLICA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 135,334	\$ 124,151	\$ 118,424
Contributions in relation to the contractually required contribution	<u>135,334</u>	<u>124,151</u>	<u>118,424</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,073,074	\$ 1,047,358	\$ 941,690
Contributions as a percentage of covered- employee payroll	12.61%	11.85%	12.58%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MULLICA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.04970%	0.05019%	0.04775%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 31,413,529	\$ 26,824,239	\$ 24,132,097
District's covered-employee payroll	\$ 4,936,647	\$ 4,669,874	\$ 4,790,449
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

This page intentionally left blank

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2016

Teachers Pension and Annuity Fund (TPAF)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

Public Employees' Retirement System (PERS)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

This page intentionally left blank

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

D. School Based Budget Schedules

Not Applicable

This page intentionally left blank

E. Special Revenue Fund

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	PRESCHOOL EDUCATION AID	LOCAL PROJECTS	NO CHILD LEFT BEHIND		I.D.E.A. - PART B - COMBINED PRESCHOOL	21ST CENTURY GRANT	21st CENTURY SUPPLEMENTARY	TOTALS
			TITLE I	TITLE II PART A				
<u>Revenues</u>								
Local Sources	\$ -	\$ 4,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,890
State Sources	476,752	-	-	-	-	-	-	476,752
Federal Sources	-	-	192,816	49,983	3,959	445,048	24,283	922,471
Total Revenues	476,752	4,890	192,816	49,983	3,959	445,048	24,283	1,404,113
<u>Expenditures</u>								
Instruction:								
Salaries	285,576	-	120,261	25,248	-	106,489	6,864	544,438
Other Salaries for Instruction	127,626	-	-	-	-	-	-	127,626
Purchased Professional and Technical Services	-	-	628	300	-	7,575	-	43,325
Other Purchased Services (400-500)	11,750	-	-	-	3,626	-	1,794	168,443
General Supplies	12,171	4,009	23,263	-	364	42,753	11,772	94,332
Other Objects	-	-	-	-	-	14,686	2,690	17,376
Total Instruction	437,123	4,009	144,152	25,548	3,626	171,503	23,120	995,540
Support Services:								
Salaries	-	-	-	144	-	119,382	-	119,526
Salaries of Program Directors	5,000	-	-	-	-	-	-	5,000
Salaries of Other Professional Staff	31,208	-	-	-	-	-	-	31,208
Salaries of Secretaries and Clerical Staff	1,599	-	-	-	-	-	-	1,599
Other Salaries	24,040	-	-	-	-	-	-	24,040
Personal Services - Employee Benefits	82,313	-	28,526	19,168	-	67,349	85	197,441
Professional and Technical Services	-	-	3,250	-	-	15,750	1,078	20,078
Other Purchased Services	-	881	16,888	5,123	16,790	55,002	-	94,684
Contracted Services (Bet Home & School)	53,562	-	-	-	-	-	-	53,562
Travel	-	-	-	-	-	1,699	-	1,699
Supplies and Materials	-	-	-	-	3,133	4,275	-	7,741
Total Support Services	197,722	881	48,664	24,435	333	263,457	1,163	556,578
Facilities Acquisition and Construction Services:								
Instructional Equipment	-	-	-	-	-	10,088	-	10,088
Total Facilities Acquisition & Construction Services	-	-	-	-	-	10,088	-	10,088
Total Expenditures	\$ 634,845	\$ 4,890	\$ 192,816	\$ 49,983	\$ 3,959	\$ 445,048	\$ 24,283	\$ 1,562,206
Other Financing Sources/(Uses):								
Transfer from Operating Budget - PreK	158,093	-	-	-	-	-	-	158,093
Total Other Financing Sources/(Uses)	158,093	-	-	-	-	-	-	158,093
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**MULLICA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE TOTALS

	2016 BUDGETED	2016 ACTUAL	VARIANCE
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 285,576	\$ 285,576	\$ -
Other Salaries for Instruction	162,477	127,626	34,851
Other Purchased Services (400-500)	11,752	11,750	2
General Supplies	17,548	12,171	5,377
	<hr/>	<hr/>	<hr/>
Total Instruction	477,353	437,123	40,230
	<hr/>	<hr/>	<hr/>
Support Services:			
Salaries of Program Directors	5,422	5,000	422
Salaries of Other Professional Staff	33,873	31,208	2,665
Salaries of Secretaries and Clerical Staff	4,314	1,599	2,715
Other Salaries	24,426	24,040	386
Personal Services - Employee Benefits	94,679	82,313	12,366
Contracted Trans. Serv. (Bet. Home & School)	53,742	53,562	180
	<hr/>	<hr/>	<hr/>
Total Support Services	216,456	197,722	18,734
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 693,809	\$ 634,845	\$ 58,964
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SUMMARY OF LOCATION TOTALS

Total 2015/16 Preschool Education Aid Allocation	\$ 520,452
Add: Actual ECPA/PEA Carryover (June 30, 2015)	15,264
Add: Budgeted Transfer from the General Fund 2015-16	<hr/> 158,093
Total Preschool Education Aid Funds Available for 2014/15 Budget	<hr/> 693,809
Less:	
2015/16 Budgeted Preschool Education Aid (Including prior-year budget carryover)	<hr/> (693,809)
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2015	-
Add:	
June 30, 2016 Unexpended Preschool Education Aid	<hr/> 58,964
2015/16 Carryover - Preschool Education Aid Programs	<hr/> \$ 58,964
2015/2016 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016/2017	<hr/> \$ 15,264

F. Capital Projects Fund

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

PROJECT TITLE/ISSUE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2015
		PRIOR YEARS	CURRENT YEAR	
Various Capital Improvements:				
Transfer from Capital Reserve	\$ 68,357	\$ 65,577	\$ -	\$ 2,780
State School Building Aid - (ROD) Grants	60,365	57,911	-	2,454
Total	\$ 128,722	\$ 123,488	\$ -	\$ 5,234

Reconciliation - Unexpended Capital Project
Balances to Fund Balance - June 30, 2016:

Unexpended Project Balances June 30, 2016	\$ 5,234
Less:	
Unexpended State Aid - ROD Grants	(2,454)
Total Fund Balance (GAAP Basis) - June 30, 2016	\$ 2,780

**MULLICA TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues & Other Financing Sources:	
Transfer from Capital Reserve	\$ -
Rod Grants	-
	-
Total Revenues	-
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	-
Construction Services	-
	-
Total Expenditures	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-
Fund Balance - Beginning	5,234
Fund Balance - Ending	\$ 5,234

**MULLICA TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
FIRE ALARM SYSTEM REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 60,365	\$ -	\$ 60,365	\$ 60,365
Transfer from Capital Reserve	68,357	-	68,357	68,357
Total Reserve	128,722	-	128,722	128,722
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	18,687	-	18,687	23,921
Construction Services	104,801	-	104,801	104,801
Total Expenditures & Other Financing Uses	123,488	-	123,488	128,722
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 5,234	\$ -	\$ 5,234	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	3480-020-14-1001
Grant Date	2013-2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 128,722
Additional Authorized Cost	
Revised Authorized Cost	\$ 128,722
Percentage Increase Over Original Authorized Cost	
Percentage Completion	96%
Original Target Completion Date	2014-2015
Revised Target Completion Date	N/A

This page intentionally left blank

G. Proprietary Funds

(See Exhibits B-4, B-5 & B-6)

This page intentionally left blank

Enterprise Funds

(See Exhibits B-4, B-5 & B-6)

This page intentionally left blank

H. Fiduciary Fund

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUND	TOTALS
<u>Assets</u>			
Cash and Cash Equivalents	\$ 219,277	\$ 60,164	\$ 279,441
Total Assets	<u>219,277</u>	<u>60,164</u>	<u>279,441</u>
<u>Liabilities and Net Assets</u>			
Liabilities:			
Due To Student Groups	-	52,786	52,786
Payroll Deductions and Withholdings	-	4,454	4,454
Payroll Reserve	-	2,924	2,924
Total Liabilities	<u>-</u>	<u>60,164</u>	<u>60,164</u>
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	<u>219,277</u>	-	<u>219,277</u>
Total Net Position	<u>219,277</u>	-	<u>219,277</u>
Total Liabilities and Net Position	<u>\$ 219,277</u>	<u>\$ 60,164</u>	<u>\$ 279,441</u>

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

	UNEMPLOYMENT COMPENSATION TRUST	TOTALS
Additions:		
Contributions:		
Plan Members	\$ 9,673	\$ 9,673
	<hr/>	<hr/>
Total Additions	9,673	9,673
	<hr/>	<hr/>
Change in Net Position	9,673	9,673
Net Position - Beginning of Year	209,604	209,604
	<hr/>	<hr/>
Net Position - End of Year	\$ 219,277	\$ 219,277
	<hr/> <hr/>	<hr/> <hr/>

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

	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016
ASSETS				
Cash & Cash Equivalents	\$ 63,742	\$ 36,198	\$ 47,154	\$ 52,786
Total Assets	<u>\$ 63,742</u>	<u>\$ 36,198</u>	<u>\$ 47,154</u>	<u>\$ 52,786</u>
LIABILITIES				
Due To Student Groups	\$ 61,133	\$ 36,198	\$ 44,545	\$ 52,786
Accounts Payable	2,609	-	2,609	-
Total Liabilities	<u>\$ 63,742</u>	<u>\$ 36,198</u>	<u>\$ 47,154</u>	<u>\$ 52,786</u>

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

	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
ASSETS				
Cash and Cash Equivalents	\$ 8,696	\$ 7,562,666	\$ 7,563,984	\$ 7,378
Total Assets	<u>\$ 8,696</u>	<u>\$ 7,562,666</u>	<u>\$ 7,563,984</u>	<u>\$ 7,378</u>
LIABILITIES				
Due to State	\$ 48	\$ -	\$ 48	\$ -
Payroll Deductions and Withholdings	5,724	3,309,315	3,310,585	4,454
Payroll Reserve	2,924	4,253,351	4,253,351	2,924
Total Liabilities	<u>\$ 8,696</u>	<u>\$ 7,562,666</u>	<u>\$ 7,563,984</u>	<u>\$ 7,378</u>

I. Long-Term Debt

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF SERIAL BONDS
JUNE 30, 2016**

<u>ISSUE</u>	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	AMOUNT	INTEREST RATE	BALANCE JULY 1, 2015	RETIRED CURRENT YEAR	BALANCE JUNE 30, 2016
Refunding Bonds 2011	06/09/11	\$ 2,860,000	07/15/16	\$ 240,000	2.000%	\$ 2,170,000	\$ 230,000	\$ 1,940,000
			07/15/17	245,000	2.250%			
			07/15/18	250,000	3.000%			
			07/15/19	120,000	3.000%			
			07/15/19	125,000	5.000%			
			07/15/20	245,000	3.200%			
			07/15/21	240,000	3.400%			
			07/15/22	240,000	3.625%			
			07/15/23	235,000	3.800%			
						\$ 2,170,000	\$ 230,000	\$ 1,940,000

MULLICA TOWNSHIP SCHOOL DISTRICT
 GENERAL LONG-TERM DEBT ACCOUNT GROUP
 STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
 JUNE 30, 2016

DESCRIPTION	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2015	RETIRED CURRENT YEAR	BALANCE JUNE 30, 2016
				YEAR	PRINCIPAL INTEREST				
Lease Purchase of Retrofit Lighting & HVAC Conversion	07/01/2000	15 Years	\$ 554,667	N/A	N/A	N/A	\$ 4,715	\$ 4,715	\$ -
							\$ 4,715	\$ 4,715	\$ -

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

	June 30, 2016				VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 294,744	\$ -	\$ 294,744	\$ 294,744	\$ -
Total Revenues	294,744	-	294,744	294,744	-
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	64,744	-	64,744	64,742	2
Redemption of Principal	230,000	-	230,000	230,000	-
Total Expenditures	294,744	-	294,744	294,742	2
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-	-	-	2	2
Fund Balance, July 1	1	-	1	1	-
Fund Balance, June 30	\$ 1	\$ -	\$ 1	\$ 3	\$ 2

This page intentionally left blank

STATISTICAL SECTION (Unaudited)

This page intentionally left blank

FINANCIAL TRENDS/INFORMATION SCHEDULES

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 3,238,820	\$ 2,956,725	\$ 11,911,822	\$ 11,884,322	\$ 11,955,887	\$ 11,540,594	\$ 11,668,616	\$ 12,093,658	\$ 12,080,544
Restricted	401,472	504,681	946,549	1,287,225	1,913,383	2,111,168	2,145,865	2,615,701	2,590,919
Unrestricted	(109,547)	(274,955)	(353,343)	(97,456)	(22,783)	598,713	598,692	(2,859,632)	(2,868,778)
Total Government Activities Net Position	3,530,745	3,186,451	12,505,028	13,074,091	13,846,486	14,250,475	14,413,173	11,849,727	11,802,685
Business-Type Activities:									
Invested in Capital Assets, Net of Related Debt	7,343	5,173	20,517	18,430	16,490	14,550	12,610	20,836	18,195
Unrestricted	21,234	13,314	32,871	21,615	65,689	103,791	134,817	113,182	126,813
Total Business-Type Activities Net Position	28,577	18,487	53,387	40,045	82,179	118,341	147,427	134,018	145,008
Government-wide:									
Invested in Capital Assets, Net of Related Debt	3,246,163	2,961,898	11,932,338	11,902,752	11,972,377	11,555,144	11,681,226	12,114,494	12,098,739
Restricted	401,472	504,681	946,549	1,287,225	1,913,383	2,111,168	2,145,865	2,615,701	2,590,919
Unrestricted	(88,313)	(261,641)	(320,472)	(75,841)	42,906	702,504	733,509	(2,746,450)	(2,741,965)
Total District Net Position	\$ 3,559,322	\$ 3,204,938	\$ 12,558,416	\$ 13,114,136	\$ 13,928,665	\$ 14,368,816	\$ 14,560,600	\$ 11,983,745	\$ 11,947,693

MULLICA TOWNSHIP SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST NINE FISCAL YEARS
 (ACCURAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:									
Governmental Activities:									
Instruction:									
Regular	\$ 2,868,430	\$ (5,423,202)	\$ (5,539,180)	\$ (5,245,520)	\$ (5,493,451)	\$ (4,105,938)	\$ (4,215,376)	\$ (4,365,763)	\$ (4,302,489)
Special Education	1,502,560	(926,657)	(848,172)	(872,379)	(862,677)	(788,283)	(782,732)	(864,139)	(841,711)
Other Special Education	185,848	(234,991)	(122,791)	(159,170)	(183,845)	(200,485)	(156,955)	(97,804)	(81,783)
Other Instruction	36,349	(71,352)	(37,949)	(79,853)	(100,378)	(25,094)	(31,255)	(49,476)	(62,124)
Support Services:									
Tuition	177,303	(278,449)	(225,165)	(182,775)	(262,944)	(270,341)	(211,095)	(140,711)	(185,534)
Student and Instruction Related Services	999,411	(1,188,153)	(1,172,848)	(1,200,370)	(1,282,617)	(937,634)	(1,134,391)	(1,111,011)	(1,446,902)
General Administration	484,510	(311,225)	(315,632)	(465,652)	(405,195)	(290,751)	(312,559)	(302,668)	(304,065)
School Administrative Services	295,266	(463,114)	(394,542)	(430,244)	(376,934)	(337,007)	(341,481)	(297,806)	(307,424)
Central Services	-	-	-	-	-	(144,438)	(174,820)	(211,251)	(194,640)
Administrative Information Technology	-	-	-	-	-	(57,928)	(69,406)	(127,801)	(158,442)
Business Administrative and									
Technical Services	2,392,056	(165,760)	(283,617)	(207,796)	(285,185)	-	-	-	-
Plant Operations and Maintenance	763,467	(1,054,306)	(1,042,821)	(1,162,203)	(1,018,685)	(779,375)	(906,931)	(1,007,793)	(954,984)
Pupil Transportation	433,328	(433,362)	(456,681)	(393,999)	(424,251)	(376,913)	(485,509)	(443,913)	(459,049)
Employee Benefits	-	-	-	-	-	(2,720,297)	(2,645,389)	(4,008,464)	(3,971,124)
Interest on Long-Term Debt	223,586	(205,768)	(189,773)	(136,784)	(172,415)	(97,133)	(78,565)	(70,517)	(56,864)
Unallocated Depreciation and Amortization	772,293	(772,293)	(430,830)	(389,282)	(512,197)	(437,136)	(434,243)	(429,556)	(434,474)
Total Governmental Activities Expenses	11,134,407	(11,528,631)	(11,060,002)	(10,926,028)	(11,380,775)	(11,568,753)	(11,980,707)	(13,528,673)	(13,761,609)
Business-Type Activities:									
Food Service	295,779	(368,069)	(315,869)	(302,060)	(265,986)	234,904	(255,941)	(271,866)	(258,268)
Child Care	71,434	-	-	-	(32,642)	1,871	-	-	-
Total Business-Type Activities Expenses	367,213	(368,069)	(315,869)	(302,060)	(298,628)	236,774	(255,941)	(271,866)	(258,268)
Total District Expenses	\$ 11,501,620	\$ (11,896,700)	\$ (11,375,871)	\$ (11,228,088)	\$ (11,679,403)	\$ (11,331,978)	\$ (12,236,648)	\$ (13,800,539)	\$ (14,019,877)
Program Revenues:									
Governmental Activities:									
Charges for Services:									
Instruction (Tuition)	\$ 24,556	\$ 12,987	\$ 12,371	\$ 28,598	\$ 280,795	\$ 310,304	\$ 402,141	\$ 607,305	\$ 513,710
Business and Other Support Services	128,998	-	-	-	-	-	-	-	-
Operating Grants and Contributions	1,458,679	191,589	234,064	234,264	235,482	2,416,593	2,457,567	3,972,553	4,035,198
Special Item Refinance of Debt Savings	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,612,233	204,575	246,435	262,862	516,277	2,726,896	2,859,708	4,579,858	4,548,908

**MULLICA TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST NINE FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:									
Charges for Services:									
Food Service	114,601	142,814	162,251	135,965	132,526	91,886	81,081	86,739	78,412
Child Care	33,464	-	-	-	38,657	-	-	-	-
Operating Grants and Contributions	172,706	182,630	170,941	151,184	169,579	181,050	203,946	199,294	190,846
Total Business-Type Activities Program Revenues	320,771	325,444	333,193	287,149	340,762	272,936	285,027	286,033	269,258
Total District Program Revenues	1,933,004	530,019	579,627	550,011	857,039	2,999,832	3,144,735	4,865,891	4,818,166
Net (Expense)/Revenue:									
Governmental Activities	(9,522,174)	(11,324,056)	(10,813,567)	(10,663,165)	(10,864,498)	(8,841,856)	(9,120,999)	(8,948,815)	(9,212,701)
Business-Type Activities	(46,442)	(42,625)	17,324	(14,912)	42,134	36,162	29,086	14,167	10,990
Total Government-wide Net (Expense)/Revenue	\$ (9,568,616)	\$ (11,366,681)	\$ (10,796,243)	\$ (10,678,077)	\$ (10,822,364)	\$ (8,805,695)	\$ (9,091,913)	\$ (8,934,648)	\$ (9,201,711)
General Revenues and Other Changes in Net Assets:									
Governmental Activities:									
Property Taxes Levied for									
General Purposes, Net	3,067,218	3,189,907	3,317,503	3,358,991	3,358,991	3,358,991	3,358,991	3,505,220	3,592,852
Taxes Levied for Debt Service	446,844	439,978	432,840	470,335	471,839	387,176	460,006	313,777	294,744
Unrestricted Grants and Contributions	5,984,496	7,199,420	7,389,765	7,154,401	7,554,341	5,248,584	5,246,888	5,113,967	5,026,352
Tuition Received	16,840	-	-	-	-	-	-	-	-
Investment Earnings	13,031	4,999	5,036	11,692	-	-	-	-	-
Special Item Refinance of Debt Savings	-	-	-	-	-	-	-	-	-
Miscellaneous Income	2,388	235,327	224,577	149,737	251,723	284,707	257,920	240,747	251,711
Transfers	(50,057)	(32,397)	-	153,430	-	-	-	27,576	-
Total Governmental Activities	9,480,760	11,037,234	11,369,720	11,298,586	11,636,893	9,279,458	9,323,805	9,201,287	9,165,659
Business-Type Activities:									
Investment Earnings	630	138	-	-	-	-	-	-	-
Transfers	50,057	32,397	-	1,570	-	-	-	(27,576)	-
Total Business-Type Activities	50,687	32,535	-	1,570	-	-	-	(27,576)	-
Total Government-wide	9,531,447	11,069,769	11,369,720	11,300,155	11,636,893	9,279,458	9,323,805	9,173,711	9,165,659
Changes in Net Position:									
Governmental Activities	(41,414)	(286,822)	556,153	635,420	772,395	437,602	202,806	252,472	(47,042)
Business-Type Activities	4,245	(10,090)	17,324	(13,342)	42,134	36,162	29,086	(13,409)	10,990
Total District	\$ (37,169)	\$ (296,912)	\$ 573,477	\$ 622,078	\$ 814,529	\$ 473,764	\$ 231,892	\$ 239,063	\$ (36,052)

MULLICA TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:									
Reserved	\$ 390,579	\$ 542,213	\$ 910,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	59,666	(120,266)	(243,189)	-	-	-	19,045	(159,505)	(82,930)
Restricted	-	-	-	1,017,845	1,774,267	2,076,393	2,046,709	2,644,175	2,616,228
Assigned	-	-	-	208,805	78,541	34,775	71,820	42,195	42,531
Total General Fund	\$ 450,245	\$ 421,947	\$ 667,134	\$ 1,226,650	\$ 1,852,808	\$ 2,111,167	\$ 2,137,574	\$ 2,526,865	\$ 2,575,829
All Other Governmental Funds:									
Unreserved, Reported In:									
Special Revenue Fund	\$ (40,605)	\$ (17,613)	\$ (7,207)	\$ -	\$ (47,324)	\$ (41,565)	\$ (52,898)	\$ (46,073)	\$ (52,045)
Capital Projects Fund	10,892	(19,920)	43,433	-	-	-	60,562	2,780	2,780
Debt Service Fund	1	1	-	-	-	1	-	1	3
Restricted:									
Debt Service Fund	-	-	-	60,575	60,575	-	-	-	-
Unassigned:									
Special Revenue Fund	-	-	-	(40,795)	-	-	-	-	-
Total All Other Governmental Funds	\$ (29,712)	\$ (37,532)	\$ 36,226	\$ 19,780	\$ 13,251	\$ (41,564)	\$ 7,664	\$ (43,292)	\$ (49,262)

MULLICA TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 3,514,062	\$ 3,514,062	\$ 3,629,885	\$ 3,750,343	\$ 3,829,326	\$ 3,830,830	\$ 3,746,167	\$ 3,818,997	\$ 3,818,997	\$ 3,887,596
Tuition Charges	1,861	16,840	12,987	12,371	28,598	280,795	310,304	402,141	607,305	513,710
Interest Earnings	-	-	3,999	5,036	11,692	142	-	-	-	-
Miscellaneous	35,915	15,419	37,880	21,548	38,818	26,972	92,373	103,174	87,524	98,488
State Sources	6,416,486	6,715,770	6,409,357	5,846,718	6,408,306	6,171,326	6,995,778	6,955,852	6,977,462	7,050,318
Federal Sources	535,624	760,675	981,652	1,777,111	980,359	1,072,497	669,398	748,603	934,367	932,301
Total Revenues	10,503,948	11,022,766	11,075,759	11,413,126	11,297,099	11,928,561	11,814,020	12,028,767	12,425,655	12,482,413
Expenditures:										
Instruction:										
Regular Instruction	3,696,474	2,868,430	4,010,116	4,003,194	3,886,047	3,956,028	4,034,854	4,139,893	4,302,677	4,235,452
Special Education Instruction	685,727	1,498,353	679,440	577,631	644,858	613,189	788,283	782,732	864,139	841,711
Other Special Instruction	186,142	185,848	138,956	122,791	159,170	183,845	200,485	156,955	97,804	81,783
Other Instruction	50,067	36,349	40,172	34,504	22,595	22,105	25,094	31,255	49,476	62,124
Support Services:										
Tuition	205,148	177,303	278,449	225,165	182,775	262,944	270,341	211,095	140,711	185,534
Student & Inst. Related Services	908,876	999,411	1,228,334	1,115,402	1,153,970	1,141,921	937,634	1,134,391	1,111,011	1,446,902
General Administration	443,649	429,963	288,777	273,786	277,697	281,055	290,751	312,559	302,668	304,065
School Administrative Services	289,377	295,266	309,863	312,529	325,541	327,092	337,007	341,481	297,806	307,424
Central Services	-	-	137,956	134,293	144,345	147,019	144,438	174,820	211,251	194,640
Administrative Information Technology	-	-	27,804	43,398	63,450	86,974	57,928	69,406	127,801	158,442
Plant Operations and Maintenance	771,343	763,467	781,574	797,476	827,257	759,660	737,843	775,610	930,817	877,406
Pupil Transportation	437,926	433,328	433,362	456,681	393,999	424,251	376,913	485,509	443,913	459,049
Unallocated Employee Benefits	2,430,571	2,392,056	2,113,792	2,181,305	2,183,653	2,344,057	2,731,217	2,647,617	2,831,824	2,827,722
Capital Outlay	264,642	33,270	87,871	213,972	89,722	99,963	89,703	175,746	185,785	264,223
Debt Service:										
Principal	363,752	395,339	402,326	409,531	437,257	510,414	484,160	513,383	269,725	230,000
Interest and Other Charges	237,978	223,586	208,346	192,523	175,695	87,840	103,824	85,680	72,488	64,742
Total Expenditures	10,971,672	10,731,969	11,167,138	11,094,181	10,968,035	11,248,357	11,610,476	12,038,132	12,239,896	12,541,219
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(467,724)	290,797	(91,379)	318,945	329,064	680,204	203,544	(9,365)	185,759	(58,806)
Other Financing Sources/(Uses):										
Transfers In	1,024	85,000	98,550	146,900	198,433	41,566	-	85,000	152,576	101,800
Transfers Out	(53,923)	(50,057)	(43,289)	(146,900)	(45,002)	(102,141)	-	-	-	-
Total Other Financing Sources/(Uses)	(52,899)	34,943	55,261	-	153,430	(60,575)	-	85,000	152,576	101,800
Net Change in Fund Balances	\$(520,623)	\$ 325,740	\$(36,118)	\$ 318,945	\$ 482,494	\$ 619,629	\$ 203,544	\$ 75,635	\$ 338,335	\$ 42,994
Debt Service as a Percentage of Noncapital Expenditures	5.62%	5.79%	5.51%	5.53%	5.63%	5.37%	5.10%	5.05%	2.84%	2.40%

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.
 Central Service and Administrative Information Technology account classifications were added beginning with year-end June 30, 2005.
 Prior to June 30, 2009, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

**MULLICA TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	MISCELLANEOUS	TUITION REVENUE	BUILDING USE AND RENTALS	ANNUAL TOTALS
2007	\$ 25,978	\$ 113	\$ -	\$ 8,800	\$ 34,891
2008	13,031	2,388	-	-	15,419
2009	3,999	17,880	12,987	5,000	39,866
2010	5,036	11,816	12,371	5,000	34,222
2011	11,692	33,549	28,598	-	73,840
2012	142	8,264	280,795	5,500	294,701
2013	-	91,504	310,304	-	401,807
2014	-	102,321	402,141	-	504,462
2015	-	15,521	607,305	71,745	694,571
2016	-	93,598	513,710	-	607,308

Source: District records

REVENUE CAPACITY INFORMATION

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR ENDING JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT
2007	\$ 15,769,700	236,772,800	6,240,200	2,256,400	15,406,900	2,471,800	515,400
2008	15,252,900	240,512,600	6,357,400	2,250,200	15,680,800	2,471,800	515,400
2009	14,486,300	246,193,900	6,149,100	2,257,700	15,682,700	2,473,300	515,400
2010	13,922,600	250,731,000	6,685,600	2,224,300	15,126,200	2,656,300	515,400
2011	13,602,500	252,398,800	6,391,200	2,303,200	14,679,800	1,674,200	515,400
2012	13,497,400	253,402,100	6,399,400	2,368,100	14,789,500	1,153,400	515,400
2013	13,426,100	253,830,200	6,449,000	6,449,000	14,730,900	1,153,400	515,400
2014	13,396,900	254,291,200	6,127,900	2,389,800	14,655,200	1,153,400	515,400
2015	13,383,400	254,194,600	6,189,800	2,382,600	14,618,300	1,153,400	515,400
2016	13,400,000	253,853,300	6,326,700	2,362,600	14,470,000	1,153,400	515,400
		LESS:					
		TAX-EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE	TOTAL DIRECT SCHOOL TAX RATE ^b	
2007	\$ 283,041,100	-	1,106,721	284,147,821	458,698,366	1.253	
2008	287,758,400	-	940,276	288,698,676	565,362,086	1.237	
2009	291,861,400	2,291,900	947,646	290,517,146	602,279,011	1.257	
2010	291,565,100	23,364,400	968,437	269,169,137	589,636,045	1.287	
2011	292,125,300	23,906,300	832,638	269,051,638	590,760,138	1.310	
2012	292,960,456	23,932,300	835,156	269,863,312	571,521,814	1.278	
2013	316,488,400	24,023,500	801,616	293,266,516	531,344,652	1.302	
2014	292,437,500	24,172	551,952	292,965,280	490,315,785	1.304	
2015	292,437,500	-	579,672	293,017,172	476,972,289	1.327	
2016	292,081,400	N/A	N/A	N/A	481,426,405	1.332	

Source: Municipal Tax Assessor

* Revaluations effective 2006

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.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
b Tax rates are per \$100

**MULLICA TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)**

Fiscal Year Ending June 30,	Mullica School District Direct Rate				Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6)		Township of Mullica			Atlantic County	
			Total Direct School Tax Rate	Greater Egg Harbor Regional High School District	Library/Other				
2007	1.080	0.157	1.237	0.793	1.037	0.129	0.478	3.674	
2008	1.104	0.152	1.256	0.793	1.037	0.129	0.478	3.693	
2009	1.139	0.148	1.287	0.812	1.057	0.115	0.566	3.837	
2010	1.147	0.160	1.307	0.864	1.075	0.112	0.588	3.946	
2011	1.151	0.161	1.312	0.833	1.094	0.062	0.621	3.922	
2012	1.148	0.132	1.280	0.804	1.103	0.063	0.622	3.872	
2013	1.145	0.157	1.302	0.800	1.134	0.062	0.791	4.089	
2014	1.167	0.137	1.304	0.878	1.169	0.066	0.732	4.149	
2015	1.217	0.110	1.327	0.866	1.193	0.070	0.741	4.197	
2016	1.256	0.076	1.332	0.971	1.219	0.097	0.798	4.417	

Source: Municipal Tax Assessor

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable. Page F46 Est. Tax Rate Info Dist. Approved Budget
 a Rates for debt service are based on each year's requirements.
 b

MULLICA TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND TEN YEARS AGO
 (UNAUDITED)

	2016			2007		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
NJ Carpenters APP TR & ED Fund	\$ 1,391,500	1		\$	1	
Viking Yacht Company	1,000,000	2			2	
Taxpayer #1	589,900	3			3	
Mullica Woods, MHC, LLC	556,000	4	Data		4	Data
Taxpayer #2	513,500	5	Not		5	Not
Taxpayer #3	490,800	6	Available		6	Available
Taxpayer #4	453,100	7			7	
Taxpayer #5	450,000	8			8	
Taxpayer #6	421,500	9			9	
Taxpayer #7	412,500	10			10	
Total	\$ 6,278,800			\$		

Ocean Yachts, Inc
 NJ Corp. APP TR
 SW Café, LLC
 Taxpayer #1
 Taxpayer #2
 Forks Landing
 AIOP Mullica LLC
 Taxpayer #3
 Blue Leopard Corp
 B-Q Partnership

Source: Municipal Tax Assessor

**MULLICA TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED JUNE 30	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY ^a		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2007	\$ 3,514,062	3,514,062	100.00%	-
2008	3,514,062	3,514,062	100.00%	-
2009	3,629,885	3,629,885	100.00%	-
2010	3,750,343	3,750,343	100.00%	-
2011	3,829,326	3,829,326	100.00%	-
2012	3,830,830	3,830,830	100.00%	-
2013	3,746,167	3,746,167	100.00%	-
2014	3,818,997	3,818,997	100.00%	-
2015	3,818,997	3,818,997	100.00%	-
2016	3,887,596	3,887,596	100.00%	-

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

- 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.

DEBT CAPACITY INFORMATION

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BOND	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES	ANTICIPATION NOTES (BANS)	CAPITAL LEASES	TOTAL DISTRICT				
2007	\$ 5,144,936	-	362,684	-	-	5,507,620	2.45%	912.01		
2008	4,785,106	-	327,175	-	-	5,112,281	2.23%	848.09		
2009	4,420,551	-	289,403	-	-	4,709,954	2.00%	781.35		
2010	4,051,201	-	249,223	-	-	4,300,423	1.81%	710.58		
2011	3,495,116	-	204,714	-	-	3,699,830	1.52%	602.19		
2012	3,243,498	-	159,249	-	-	3,402,747	1.34%	552.21		
2013	2,846,938	-	112,653	-	-	2,959,591	1.14%	479.13		
2014	2,385,000	-	59,440	-	-	2,444,440	0.95%	396.37		
2015	2,170,000	-	4,715	-	-	2,174,715	0.82%	353.67		
2016	1,940,000	-	-	-	-	1,940,000	N/A	318.14		

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

**MULLICA TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDING JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY ^a	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2006	\$ 5,144,936	-	5,144,936	0.85%	853.51
2007	4,785,106	-	4,785,106	0.81%	793.81
2008	4,420,551	-	4,420,551	0.83%	730.43
2009	4,051,201	-	4,051,201	0.85%	658.84
2010	3,495,116	-	3,495,116	0.59%	567.94
2011	3,282,735	-	3,282,735	0.62%	531.44
2012	2,846,938	-	2,846,938	0.60%	460.60
2013	2,385,000	-	2,385,000	0.50%	387.49
2014	2,170,000	-	2,170,000	0.45%	351.36
2015	1,940,000	-	1,940,000	N/A	318.14

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

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

**MULLICA TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
(UNAUDITED)**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE ^a	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes:			
Township of Mullica	\$ 1,827,125	100.00%	\$ 1,827,125
Other Debt			
Regional High School District	56,820,000	8.14%	4,626,472
County of Atlantic (Mullica Township's Share)	164,136,199	1.30%	<u>2,133,771</u>
			8,587,368
Mullica Township School District Direct Debt			<u>1,940,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 10,527,368</u></u>

Sources: Mullica Township Finance Officer, Atlantic County Finance Officer; GEHRS Budget presentation

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 Mullica. 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.

MULLICA TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Equalized Valuation Basis:									
	2015	\$	506,824,090							
	2014		475,194,607							
	2013		<u>488,173,761</u>							
	(A)	\$	<u>1,470,192,458</u>							
Average Equalized Valuation of Taxable Property	(A/3)	\$	490,064,152.67							
Debt Limit (3% of Average Equalization Value)	(B)		44,105,774	a						
Total Net Debt Applicable To Limit	(C)		<u>1,940,000</u>							
Legal Debt Margin	(B-C)	\$	<u>42,165,774</u>							
			<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>			
Debt Limit	\$	13,795,199	\$	15,724,443	N/A	\$	52,718,314	\$	52,903,106	
Total Net Debt Applicable To Limit		5,144,936		4,785,106	4,708,187		4,051,201		3,495,116	
Legal Debt Margin	\$	8,650,263	\$	10,939,337	\$	-	\$	48,667,113	\$	49,407,990
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		37.30%		30.43%	N/A		7.68%		6.61%	
			<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>			
Debt Limit	\$	34,834,736	\$	47,687,636	\$	47,795,468	\$	44,958,982	\$	44,105,774
Total Net Debt Applicable To Limit		3,282,735		3,282,735		2,385,000		2,170,000		1,940,000
Legal Debt Margin	\$	31,552,001	\$	44,404,901	\$	45,410,468	\$	42,788,982	\$	42,165,774
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		9.42%		6.88%		4.99%		4.83%		4.40%

Source: 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 N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.

DEMOGRAPHIC AND ECONOMIC STATISTICS

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>YEAR</u>	<u>POPULATION</u> ^a	<u>PERSONAL INCOME</u> ^b	<u>PER CAPITA PERSONAL INCOME</u> ^c	<u>UNEMPLOYMENT RATE</u> ^d
2006	6,039	224,638,722	37,198	5.7%
2007	6,028	229,727,080	38,110	5.7%
2008	6,028	235,730,968	39,106	5.7%
2009	6,052	236,953,956	39,153	11.0%
2010	6,144	242,964,480	39,545	12.7%
2011	6,162	254,724,756	41,338	9.3%
2012	6,177	258,983,079	41,927	13.00%
2013	6,167	256,911,053	41,659	13.00%
2014	6,149	266,473,064	43,336	11.30%
2015	6,098	N/A	N/A	11.70%

Source:

^a Population information provided by the NJ 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 by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

**MULLICA TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	2016				2007			
	<u>EMPLOYER</u>	<u>EMPLOYEES</u>	<u>RANK (OPTIONAL)</u>	<u>PERCENTAGE OF TOTAL MUNICIPAL EMPLOYMENT^a</u>	<u>EMPLOYEES</u>	<u>RANK (OPTIONAL)</u>	<u>PERCENTAGE OF TOTAL MUNICIPAL EMPLOYMENT^a</u>	
Mullica Township Schools	153	1		63.22%	140	1	76.50%	
Township of Mullica	45	2		18.60%	43	2	23.50%	
Sweetwater Marina & River Deck	20	3		8.26%		3		
Conn Mechanical	12	4		4.96%		4		
Mazza Flooring	12	5		4.96%		5		
		6				6		
		7				7		
		8				8		
		9				9		
		10				10		
Total	242			100.00%	183		100.00%	

Source: Office of the Business Administrator of the Township of Mullica

Note a: Total Employment Not Available since No Authoritative Source is Known

OPERATING INFORMATION

This page intentionally left blank

**MULLICA TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Function/Program</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	54	51	57	56	49	47	50	49	49	49
Special Education	10	9	13	13	11	14	12	12	13	13
Other Special Education	8	9	8	7	8	7	7	13	13	12
Other Instruction	9	9	9	7	2	2	2	2	2	2
Support Services:										
Student and Instruction Related Services	14	15	13	13	13	15	17	17	17	17
General Administrative Services	3	6	3	3	3	6	5	4	4	4
School Administrative Services	5	7	5	5	4	4	5	4	4	4
Business Administrative & Technology services	2	0	2	2	2	2	2	2	2	2
Plant Operations and Maintenance	9	9	9	9	8	8	9	9	9	9
Food Service	6	6	6	5	5	1	1	1	1	1
Total	119	119	123	119	104	105	110	113	114	113

Source: District Personnel Records
Report of Certificated Staff Status

**MULLICA TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR	ENROLLMENT TOTAL	OPERATING EXPENDITURES ^a	COST PER PUPIL ^d	PERCENTAGE CHANGE	TEACHING STAFF ^b	Pupil/Teacher Ratio		AVERAGE DAILY ENROLLMENT (ADE) ^c	AVERAGE DAILY ATTENDANCE (ADA) ^d	PERCENTAGE CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL				
2007	725	8,084,315	11,151	8.11%	62.00	1:11	1:11	738.00	700.60	-6.46%	94.93%
2008	723	7,868,101	10,883	-2.41%	76.50	1:11	1:11	718.00	681.80	-2.71%	94.96%
2009	715	8,651,803	12,100	11.19%	71.50	1:11	1:11	712.30	675.40	-0.79%	94.82%
2010	705	8,071,663	11,449	-5.38%	66.00	1:11	1:11	712.00	672.00	-0.04%	94.58%
2011	724	8,346,460	11,528	0.69%	62.00	1:12	1:12	712.00	680.10	No change	95.52%
2012	721	8,433,753	11,697	1.47%	64.60	1:12	1:12	710.00	675.50	-0.28%	95.14%
2013	775	11,022,492	14,223	21.59%	62.00	1:13	1:13	748.56	706.90	5.49%	94.39%
2014	783	11,424,390	14,591	2.59%	64.00	1:13	1:13	694.58	662.18	-7.21%	95.25%
2015	770	11,788,874	15,310	4.93%	57.00	1:16	1:16	764.23	726.07	10.03%	95.01%
2016	752	12,246,477	16,285	6.37%	62.0	1:12	1:12	740.00	709.00	-3.17%	95.81%

e: District records

Note: Enrollment based on annual October District count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per Pupil calculated by dividing Operating Expenditures by Total Enrollment. This is not intended to represent the statutory calculation per pupil.

MULLICA TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Early Learning Center</u>										
Hilda Frame School (1900)										
Square Feet	5,328	5,328	5,328	5,328	5,328	5,328	5,328	5,328	5,328	5,328
Capacity (students)	60	60	60	60	60	60	60	60	60	60
Enrollment PK	56	57	53	52	-	-	-	-	-	-
<u>Elementary (1955, 1981, 1995, 2003)</u>										
Mullica Township Elementary School										
Square Feet	68,776	68,776	68,776	68,776	68,776	68,776	68,776	68,776	68,776	68,776
Capacity (students)	562	562	562	562	562	562	562	562	562	562
Enrollment K-4	371	348	364	363	415	415	436	442	442	442
<u>Middle School (1965, 1972, 1981, 2003)</u>										
Mullica Township Middle School										
Square Feet	50,500	50,500	50,500	50,500	50,500	50,500	50,500	50,500	50,500	50,500
Capacity (students)	552	552	552	552	552	552	552	552	552	552
Enrollment 5-8	296	305	293	290	285	306	339	341	328	310
<u>Other</u>										
Gertrude Lauer School (1910)										
Square Feet	2,410	2,410	2,410	2,410	2,410	2,410	2,410	2,410	2,410	2,410
Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Number of Schools at June 30, 2012										
Early Learning Center = 1										
Elementary = 1										
Middle School = 1										
Other = 1										

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

**MULLICA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
(UNAUDITED)**

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

	SCHOOL FACILITIES PROJECT # (s)	ELEMENTARY SCHOOL	HILDA FRAME SCHOOL	MIDDLE SCHOOL	GERTRUDE LAUER SCHOOL	TOTAL
2007	N/A	\$ 23,829	\$ 4,618	\$ 23,936	\$ 4,591	\$ 56,974
2008	N/A	17,020	2,974	36,167	500	56,661
2009	N/A	23,942	3,234	56,119	500	83,795
2010	N/A	35,755	3,925	59,841	500	100,021
2011	3480-020-09-1001	47,596	1,200	55,876	500	105,172
2012	N/A	50,456	1,309	72,155	288	124,208
2013	N/A	130,398	3,458	21,956	288	156,100
2014	N/A	74,766	7,693	6,793	288	89,540
2015	3480-020-14-1001-G04	200,500	788	12,119	288	213,695
2016	3480-020-14-1001-G04	99,966	-	13,424	950	114,340
Total School Facilities		<u>\$ 704,228</u>	<u>\$ 29,199</u>	<u>\$ 358,386</u>	<u>\$ 8,693</u>	<u>\$ 1,100,506</u>

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

Source: District records

**MULLICA TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
(UNAUDITED)**

I. Property, Inland Marine and Automobile Physical Damages			
A. Limit of Liability	\$	150,000,000	per occurrence
1. ACCASBOJIF Self Insured Retention		200,000	per occurrence
2. Member District Deductible		500	per occurrence
3. Perils Included			"All Risk"
B. Property Valuation:			
1. Buildings and Contents			Replacement Cost
2. Contractors Equipment			Actual Cash Value
3. Automobiles			Actual Cash Value
II. Boiler and Machinery:			
A. Limit of Liability		125,000	
1. ACCASBOJIF Self Insured Retention			None
2. Member District Deductible		1,000	
III. Crime			
A. Limits of Liability		500,000	
1. ACCASBOJIF Self Insured Retention		200,000	
2. Member District Deductible		500	
IV. General and Automobile Liability		10,000,000	
A. Limit of Liability		150,000	
1. ACCASBOJIF Self Insured Retention			
2. Member District Deductible			None
V. Workers' Compensation			
A. Limit of Liability			Statutory
1. ACCASBOJIF Self Insured Retention		250,000	
2. Member District Deductible			None
VI. Educator's Legal Liability			
A. Limit of Liability		10,000,000	
1. ACCASBOJIF Self Insured Retention		100,000	
2. Member District Deductible			None
VII. Pollution Legal Liability			
A. Limit of Liability		3,000,000	
1. ACCASBOJIF Self Insured Retention			None
2. Member District Deductible		25,000	

Excess and Reinsurance Carriers Involved

Property and Crime:

SPELLJIF, Selective Ins. Co. of America
Axis Surplus Insurance Company
United National Ins. Co.
Max Specialty Ins. Co.
Alliance Global Risk US Ins. Co.
RSUI Indemnity Company

General Liability and Automobile Liability:

SPELLJIF, Selective Ins. Co. of America

Workers' Compensation:

SPELLJIF, Selective Ins. Co. of America

Educators Legal Liability:

SPELLJIF, Selective Ins. Co. of America

Group Purchase of Primary Insurance Coverage Carrier Array

Boiler and Machinery:

Travelers Insurance Company

Pollution Legal Liability:

ACE American Ins. Co.

Source: District records

This page intentionally left blank

SINGLE AUDIT SECTION

This page intentionally left blank



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

Honorable President and Members
of the Board of Education
Mullica Township School District
County of Atlantic
Elwood, New Jersey 08217

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Mullica Township School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Mullica Township School District’s basic financial statements, and have issued our report thereon dated November 17, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mullica Township School District’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 Mullica Township School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Mullica Township School District’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 District’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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency as Finding No. 2016-001.

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

Management Response to Findings

The management of the Mullica Township School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Mullica Township School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 17, 2016



EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Mullica Township School District
County of Atlantic
Elwood, New Jersey 08217

Report on Compliance for Each Major Federal and State Program

We have audited Mullica Township School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2016. Mullica Township 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 Mullica Township 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to

above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Mullica Township 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 Mullica Township School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Mullica Township 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 programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Mullica Township 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 Mullica Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mullica Township 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 or 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 or 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 the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 17, 2016

This page intentionally left blank

MULLICA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECIPIENT EXPENDITURES	BALANCE AT JUNE 30, 2016	
					FROM	TO					UNEARNED	RECEIVABLE
U.S DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:												
Child Nutrition Cluster:												
Noncash Assistance:												
Food Distribution Program	10.565	1616INJ3041099	N/A	\$ 21,062	07/01/15	06/30/16	\$ -	21,062	(20,609)	\$ -	453	\$ -
Cash Assistance:												
National School Lunch Program	10.555	1616INJ3041099	N/A	146,404	07/01/15	06/30/16	-	122,105	(146,404)	-	-	(24,299)
National School Lunch Program	10.555	1515INJ3041099	N/A	149,770	07/01/14	06/30/15	(34,297)	34,297	-	-	-	-
Healthy Hunger Free Kids Act	10.555	1515INJ3041099	N/A	4,356	07/01/14	06/30/15	(982)	982	-	-	-	-
Subtotal							(35,279)	157,384	(146,404)	-	-	(24,299)
School Breakfast Program	10.553	1616INJ3041099	N/A	20,517	07/01/15	06/30/16	-	16,711	(20,517)	-	-	(3,806)
School Breakfast Program	10.553	1515INJ3041099	N/A	20,428	07/01/14	06/30/15	(4,873)	4,873	-	-	-	-
Subtotal							(4,873)	21,584	(20,517)	-	-	(3,806)
Total Child Nutrition Cluster							(40,152)	200,030	(187,550)	-	453	(28,105)
Total U.S. Department of Agriculture							(40,152)	200,030	(187,550)	-	453	(28,105)
U.S DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:												
Special Education Cluster:												
ID.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA348016	222,875	07/01/15	06/30/16	-	109,547	(206,382)	-	-	(96,835)
ID.E.A. Part B, Basic Regular	84.027	H027A140100	IDEA348015	161,989	07/01/14	06/30/15	(105,888)	105,888	-	-	-	-
Subtotal							(105,888)	215,435	(206,382)	-	-	(96,835)
ID.E.A. Part B, Preschool	84.173A	H173A150114	IDEA348016	4,626	07/01/15	06/30/16	-	985	(3,959)	-	-	(2,974)
ID.E.A. Part B, Preschool	84.173A	H173A140114	IDEA348015	3,471	07/01/14	06/30/15	(1,452)	1,452	-	-	-	-
Subtotal							(1,452)	2,437	(3,959)	-	-	(2,974)
Total Special Education Cluster							(107,340)	217,872	(210,341)	-	-	(99,809)
Title I	84.010A	S010A150030	NCLB348015	202,967	07/01/15	06/30/16	-	153,249	(192,816)	-	-	(39,567)
Title I	84.010A	S010A140030	NCLB348014	156,044	07/01/14	06/30/15	(170,159)	170,159	-	-	-	-
Subtotal							(170,159)	323,408	(192,816)	-	-	(39,567)
Title II, Part A	84.367	S367A150029	NCLB348015	50,100	07/01/15	06/30/16	-	20,966	(49,983)	-	-	(29,017)
Title II, Part A	84.367	S367A140029	NCLB348014	37,610	07/01/14	06/30/15	(42,926)	42,926	-	-	-	-
Subtotal							(42,926)	63,892	(49,983)	-	-	(29,017)
21st Century Grant Comm. Learning Centers	84.287C	S287C150030	15E00033	470,000	09/01/15	08/31/16	-	122,914	(360,933)	-	-	(238,019)
21st Century Community Learning Supplemental	84.287C	S287C150030	15E00033	33,300	09/01/15	08/31/16	-	288	(13,202)	-	-	(12,914)
21st Century Grant Comm. Learning Centers	84.287C	S287C140030	14E00033	425,000	09/01/14	08/31/15	(41,078)	125,193	(84,115)	-	-	-
21st Century Community Learning Supplemental	84.287C	S287C130030	N/A	30,000	09/01/14	08/31/15	(11,417)	22,498	(11,081)	-	-	-
Subtotal							(52,495)	270,893	(469,331)	-	-	(250,933)
Race to the Top	84.413.A	B13A120008	Unavailable	8,295	09/01/12	11/30/15	(8,295)	8,295	-	-	-	-
Total U.S. Department of Education							(381,215)	884,360	(922,471)	-	-	(419,326)
U.S DEPARTMENT OF HUMAN SERVICES PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:												
Medicaid Aid Reimbursement	93.778	1605NI5MAP	N/A	33,753	07/01/15	06/30/16	\$ -	23,447	(33,753)	\$ -	\$ -	(10,306)
Total U.S. Department of Human Services							-	23,447	(33,753)	-	-	(10,306)
Total Federal Financial Assistance							(421,367)	1,107,837	(1,143,754)	\$ -	453	(457,737)

The accompanying Notes to Schedule of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

MULLICA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/PROGRAM TITLE	PROGRAM OR GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD		CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT EXPENDITURES	BALANCE AT JUNE 30, 2016		MEMO		
			FROM	TO				(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:												
General Fund:												
State Aid-Public Cluster:												
Equalization Aid	16-495-034-5120-078	\$ 4,048,982	07/01/15	06/30/16	\$ -	\$ 4,048,982	\$ (4,048,982)	\$ -	\$ -	\$ 393,171	\$ 4,048,982	
Special Education Aid	16-495-034-5120-089	361,974	07/01/15	06/30/16	-	361,974	(361,974)	-	-	35,149	361,974	
Security Aid	16-495-034-5120-084	145,886	07/01/15	06/30/16	-	145,886	(145,886)	-	-	14,166	145,886	
Adjustment Aid	16-495-034-5120-085	554,184	07/01/15	06/30/16	-	554,184	(554,184)	-	-	53,814	554,184	
Under Adequacy Aid	16-495-034-5120-083	11,546	07/01/15	06/30/16	-	11,546	(11,546)	-	-	1,121	11,546	
Per Pupil Growth Aid	16-495-034-5120-097	6,170	07/01/15	06/30/16	-	6,170	(6,170)	-	-	599	6,170	
PARCC Readiness Aid	16-495-034-5120-098	6,170	07/01/15	06/30/16	-	6,170	(6,170)	-	-	599	6,170	
Total State Aid-Public Cluster:												
					-	5,134,912	(5,134,912)	-	-	498,619	5,134,912	
Transportation Aid												
Extraordinary Aid	16-495-034-5120-014	231,267	07/01/15	06/30/16	-	231,267	(231,267)	-	-	22,457	231,267	
Extraordinary Aid	16-100-034-5120-473	14,407	07/01/15	06/30/16	-	-	(14,407)	-	(14,407)	-	14,407	
Extraordinary Aid	15-100-034-5120-473	25,741	07/01/14	06/30/15	(25,741)	25,741	-	-	-	-	-	
Nonpublic Transportation Reimbursed Costs	N/A	6,264	07/01/15	06/30/16	-	6,264	(6,264)	-	-	-	6,264	
Nonpublic Transportation Reimbursed Costs	N/A	2,262	07/01/14	06/30/15	(2,262)	2,262	-	-	-	-	-	
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	365,389	07/01/15	06/30/16	-	347,531	(365,389)	-	(17,858)	-	365,389	
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	359,531	07/01/14	06/30/15	(17,501)	17,501	-	-	-	-	-	
Noncash Assistance:												
On-Behalf TPAF Pension Contributions (Non-Budgeted)	16-495-034-5095-006	383,046	07/01/15	06/30/16	-	383,046	(383,046)	-	-	-	383,046	
On-Behalf TPAF Post Retirement Medical (Non-Budgeted)	16-495-034-5095-001	456,102	07/01/15	06/30/16	-	456,102	(456,102)	-	-	-	456,102	
Total General Fund												
					(45,504)	6,598,362	(6,591,387)	-	(38,529)	521,076	6,591,387	
Special Revenue Fund:												
Preschool Education Aid	16-495-034-5120-086	460,728	07/01/15	06/30/16	-	468,414	(461,489)	-	(52,045)	58,970	461,489	
Preschool Education Aid	15-495-034-5120-086	528,984	07/01/14	06/30/15	(45,134)	46,072	(938)	-	-	-	938	
Preschool Education Aid	14-495-034-5120-086	415,650	07/01/13	06/30/14	14,325	-	(14,325)	-	-	-	14,325	
Total Special Revenue Fund												
					(30,809)	514,486	(476,752)	-	(52,045)	58,970	476,752	
Capital Projects Fund:												
ROD Grant	3480-020-14-1001	60,365	07/01/13	06/30/16	(57,911)	-	-	-	(57,911)	-	-	
Total Capital Projects Fund												
					(57,911)	-	-	-	(57,911)	-	-	
Enterprise Fund:												
State School Lunch Program (State Share)	16-100-010-3350-023	3,316	07/01/15	06/30/16	-	2,765	(3,316)	-	(551)	-	3,316	
State School Lunch Program (State Share)	15-100-010-3350-023	3,734	07/01/14	06/30/15	(926)	926	-	-	-	-	-	
Total State Department of Agriculture												
					(926)	3,691	(3,316)	-	(551)	-	3,316	
Total State Financial Assistance												
					\$ (135,150)	\$ 7,116,539	(7,071,455)	\$ -	\$ (149,036)	\$ 58,970	\$ 7,071,455	
Less: Grants Not Subject to Single Audit Major Program Determination:												
On-Behalf TPAF Contributions	16-495-034-5095-001					\$ 839,148						
Total State Financial Assistance Subject to Single Audit Major Program Determination												
The accompanying Notes to Schedule of Expenditures of Awards and Financial Assistance are an integral part of this schedule.												

**MULLICA TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
JUNE 30, 2016**

Note 1. General

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

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Mullica Township School District did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Mullica Township School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

Note 3. Relationship to Basic Financial Statements

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

The General Fund is presented in the accompanying Schedules on the modified accrual basis, with the exception of the revenue recognition of the 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, that payment is 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:22-4.2*.

**MULLICA TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
JUNE 30, 2016**

Note 3. Relationship to Basic Financial Statements (continued):

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(4,117) for the General Fund and \$(37,627) for the Special Revenue Fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 33,753	\$ 6,587,270	\$ 6,621,023
Special Revenue Fund	898,548	463,048	1,361,596
Food Service Fund	187,530	3,316	190,846
 Total Awards and Financial Assistance	 \$ 1,119,831	 \$ 7,053,634	 \$ 8,173,465

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Other

Revenues and expenditures reported under the Food Distribution Program represents current-year value received and current-year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2016.

Note 6. Federal and State Loans Outstanding

The Mullica Township School District had no loan balances outstanding at June 30, 2016.

**MULLICA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to basic financial Statements noted?	None Reported

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of Uniform Guidance?	No

Identification of major programs:

CFDA Number(s)	FAI Number(s)	Name of Federal Program or Cluster
84.287	S287C150030	21 st Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**MULLICA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I – Summary of Auditor’s Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of Uniform Guidance or NJOMB Circular Letter 15-08 as applicable?	No

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
16-495-034-5120-078	State Aid-Public Cluster:
16-495-034-5120-084	Equalization Aid
16-495-034-5120-085	Security Aid
16-495-034-5120-089	Adjustment Aid
16-495-034-5120-096	Special Education Aid
16-495-034-5120-097	Under Adequacy Aid
16-495-034-5120-098	Per Pupil Growth Aid
	PARCC Readiness Aid

**MULLICA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2016-001:

Criteria or Specific Requirement:

Certain non-cash entries should be properly made in the general ledger for all funds.

Condition:

It was noted during our audit that a general ledger for various funds, though kept and maintained by the District, did not contain certain non-cash entries required to be accrued.

Context:

An analysis of accruals had to be performed in order to audit the basic financial statements.

Effect:

The District records do not accurately reflect the activity for the various funds.

Cause:

Lack of oversight by District officials.

Recommendation:

That the District maintain a proper general ledger for all funds and ensures all non-cash journal entries are accrued.

View of Responsible Officials and Planned Corrective Action:

Management agrees with this recommendation and will take the appropriate corrective action.

**MULLICA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 Section .516(a) of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular Letter 15-08, as applicable.

No Current Year Findings

**MULLICA TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (.511(a)(b)) and New Jersey OMB's Circular Letter 15-08, as applicable.

No Prior Year Findings

This page intentionally left blank